

<i>SERFF Tracking Number:</i>	<i>HSTB-125135491</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Great American Insurance Company, ...</i>	<i>State Tracking Number:</i>	<i>AR-PC-07-024790</i>
<i>Company Tracking Number:</i>	<i>BM-AR-0703-FREE-FORM</i>		
<i>TOI:</i>	<i>27.0 Boiler & Machinery</i>	<i>Sub-TOI:</i>	<i>27.0000 Boiler & Machinery</i>
<i>Product Name:</i>	<i>Boiler and Machinery</i>		
<i>Project Name/Number:</i>	<i>GAIC Equipment Breakdown Form & Rate Filing/</i>		

Filing at a Glance

Companies: Great American Insurance Company, Great American Assurance Company, Great American Alliance Insurance Company, Great American Insurance Company of New York

Product Name: Boiler and Machinery	SERFF Tr Num: HSTB-125135491	State: Arkansas
TOI: 27.0 Boiler & Machinery	SERFF Status: Closed	State Tr Num: AR-PC-07-024790
Sub-TOI: 27.0000 Boiler & Machinery	Co Tr Num: BM-AR-0703-FREE-FORM	State Status:
Filing Type: Form	Co Status:	Reviewer(s): Michelle Fahey, Betty Montesi, Llyweyia Rawlins
	Authors: Faye Neilan, Cathy Uhlman	Disposition Date: 11/14/2007
	Date Submitted: 05/23/2007	Disposition Status: Approved
Effective Date Requested (New): On Approval		Effective Date (New): 11/15/2007
Effective Date Requested (Renewal): On Approval		Effective Date (Renewal): 11/15/2007

General Information

Project Name: GAIC Equipment Breakdown Form & Rate Filing	Status of Filing in Domicile: Pending
Project Number:	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 11/14/2007	
State Status Changed: 05/23/2007	Deemer Date:
Corresponding Filing Tracking Number:	
Filing Description:	

The Great American Insurance Group of insurance companies identified above (Great American) has authorized its filing agent, The Hartford Steam Boiler Inspection and Insurance Company, to file Equipment Breakdown Coverage forms, rates and rules on its behalf for your review and approval (please see enclosed authorization letter). This filing for Great American is a revision and replacement of the program (Company file number GA-FBP) that Hartford Steam Boiler filed for Great American in 1999. This coverage, which will be written by the Great American insurance companies identified above, will be reinsured 100% by The Hartford Steam Boiler Inspection and Insurance Company.

SERFF Tracking Number:	HSTB-125135491	State:	Arkansas
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Company and Contact

Filing Contact Information

Faye Neilan,	faye_neilan@hsb.com
One State Street	(860) 722-5321 [Phone]
Hartford, CT 06102-5024	()-[FAX]

Filing Company Information

Great American Insurance Company	CoCode: 16691	State of Domicile: Ohio
580 Walnut Street	Group Code:	Company Type:
Cincinnati, OH 45202	Group Name:	State ID Number:
(513) 369-5000 ext. [Phone]	FEIN Number: 31-0501234	

Great American Assurance Company	CoCode: 26344	State of Domicile: Ohio
580 Walnut Street	Group Code:	Company Type:
Cincinnati, OH 45202	Group Name:	State ID Number:
(513) 369-5000 ext. [Phone]	FEIN Number: 15-6020948	

Great American Alliance Insurance Company	CoCode: 26832	State of Domicile: Ohio
580 Walnut Street	Group Code:	Company Type:
Cincinnati, OH 45202	Group Name:	State ID Number:
(513) 369-5000 ext. [Phone]	FEIN Number: 95-1542353	

Great American Insurance Company of New York	CoCode: 22136	State of Domicile: New York
580 Walnut Street	Group Code:	Company Type:
Cincinnati, OH 45202	Group Name:	State ID Number:
(513) 369-5000 ext. [Phone]	FEIN Number: 13-5539046	

Filing Fees

Fee Required?	Yes
Fee Amount:	\$50.00
Retaliatory?	No
Fee Explanation:	

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Per Company:	No		

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CHECK NUMBER	CHECK AMOUNT	CHECK DATE
3000088862	\$50.00	05/21/2007

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	11/14/2007	11/14/2007
Approved	Llyweyia Rawlins	05/25/2007	05/25/2007

Amendments

Item	Schedule	Created By	Created On	Date Submitted
Authorization Letter	Supporting Document	Faye Neilan	05/23/2007	05/23/2007
Form Filing Memorandum	Supporting Document	Faye Neilan	05/23/2007	05/23/2007
Side-by-Side Comparison	Supporting Document	Faye Neilan	05/23/2007	05/23/2007

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
CHANGE IN EFFECTIVE DATE	Note To Reviewer	Cathy Uhlman	11/12/2007	11/12/2007

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Disposition

Disposition Date: 11/14/2007

Effective Date (New): 11/15/2007

Effective Date (Renewal): 11/15/2007

- Effective Date (New) changed from 05/25/2007 to 11/15/2007 by Rawlins, Llyweyia on 11/13/2007.

Status: Approved

Comment: Change effective date to 11/15/07

Rate data does NOT apply to filing.

Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	0.000%
Overall Percentage Rate Impact For This Filing	0.000%
Effect of Rate Filing-Written Premium Change For This Program	\$0
Effect of Rate Filing - Number of Policyholders Affected	0

SERFF Tracking Number: HSTB-125135491 State: Arkansas

First Filing Company: Great American Insurance Company, ... State Tracking Number: AR-PC-07-024790

Company Tracking Number: BM-AR-0703-FREE-FORM

TOI: 27.0 Boiler & Machinery Sub-TOI: 27.0000 Boiler & Machinery

Product Name: Boiler and Machinery

Project Name/Number: GAIC Equipment Breakdown Form & Rate Filing/

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Authorization Letter	Approved	Yes
Supporting Document	Form Filing Memorandum	Approved	Yes
Supporting Document	Side-by-Side Comparison	Approved	Yes
Form	Equipment Breakdown Coverage Part Declarations No. 1	Approved	Yes
Form	Equipment Breakdown Coverage Form	Approved	Yes
Form	Arkansas Changes	Approved	Yes

SERFF Tracking Number:	HSTB-125135491	State:	Arkansas
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Product Name:	Boiler and Machinery		
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Disposition

Disposition Date: 05/25/2007

Effective Date (New): 11/15/2007

Effective Date (Renewal):

Status: Approved

Comment:

Rate data does NOT apply to filing.

Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	0.000%
Overall Percentage Rate Impact For This Filing	0.000%
Effect of Rate Filing-Written Premium Change For This Program	\$0
Effect of Rate Filing - Number of Policyholders Affected	0

SERFF Tracking Number: HSTB-125135491 State: Arkansas

First Filing Company: Great American Insurance Company, ... State Tracking Number: AR-PC-07-024790

Company Tracking Number: BM-AR-0703-FREE-FORM

TOI: 27.0 Boiler & Machinery Sub-TOI: 27.0000 Boiler & Machinery

Product Name: Boiler and Machinery

Project Name/Number: GAIC Equipment Breakdown Form & Rate Filing/

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Authorization Letter	Approved	Yes
Supporting Document	Form Filing Memorandum	Approved	Yes
Supporting Document	Side-by-Side Comparison	Approved	Yes
Form	Equipment Breakdown Coverage Part Declarations No. 1	Approved	Yes
Form	Equipment Breakdown Coverage Form	Approved	Yes
Form	Arkansas Changes	Approved	Yes

SERFF Tracking Number: *HSTB-125135491* *State:* *Arkansas*
First Filing Company: *Great American Insurance Company, ...* *State Tracking Number:* *AR-PC-07-024790*
Company Tracking Number: *BM-AR-0703-FREE-FORM*
TOI: *27.0 Boiler & Machinery* *Sub-TOI:* *27.0000 Boiler & Machinery*
Product Name: *Boiler and Machinery*
Project Name/Number: *GAIC Equipment Breakdown Form & Rate Filing/*

Note To Reviewer

Created By:

Cathy Uhlman on 11/12/2007 11:02 AM

Subject:

CHANGE IN EFFECTIVE DATE

Comments:

Due to system constraints, we would like to delay the effective date of this filing to November 15, 2007.

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Amendment Letter

Amendment Date:

Submitted Date: 05/23/2007

Comments:

We wish to amend this filing to include information inadvertently omitted from the initial submission.

Changed Items:

Supporting Document Schedule Item Changes:

User Added -Name: Authorization Letter

Comment:

authorization letter 4 hsb.PDF

User Added -Name: Form Filing Memorandum

Comment:

form filing memo 2007.pdf

User Added -Name: Side-by-Side Comparison

Comment:

GAIC SIDE BY SIDE COMPARISON final.pdf

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Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Equipment Breakdown Coverage Part Declarations No. 1	BM 72 10	ED. 12 06	Declaration Replaced s/Schedule	Replaced Form #:0.00 BM 72 10 Ed. 06 98 Previous Filing #: GA-FBP		BM7210 12-06.PDF
Approved	Equipment Breakdown Coverage Form	BM 72 11	Ed. 12 06	Policy/CoveReplaced rage Form	Replaced Form #:0.00 BM 72 11 Ed. 06 98 Previous Filing #: GA-FBP		BM7211_12-06.PDF
Approved	Arkansas Changes	BM 72 76	Ed. 03 07	Endorseme New nt/Amendm ent/Condi tions		0.00	BM7276 ar.pdf



Administrative Offices
580 Walnut Street
Cincinnati, Ohio 45202
Tel: 1-513-369-5000

BM 72 10 (Ed. 12 06)

Policy No.

—

EQUIPMENT BREAKDOWN COVERAGE PART DECLARATIONS NO. 1

NAMED INSURED:

POLICY PERIOD

to

Identification Number:

Issue Date:

These coverages apply to any location listed on the Schedule of Locations for **Equipment Breakdown Coverage Part Declarations No. 1**.

Coverages

Limits

Equipment Breakdown Limit	\$
Property Damage	\$
Off Premises Property Damage	\$
Business Income	\$
Extra Expense	\$
Service Interruption	\$
Contingent Business Income	\$
Perishable Goods	\$
Data Restoration	\$
Demolition	\$
Ordinance or Law	\$
Expediting Expense	\$
Hazardous Substances	\$
Newly Acquired Locations	\$

Deductibles

Combined Coverage Policy Deductible:

Separate Coverage Policy Deductible:

Other Conditions

Extended Period of Restoration days Newly Acquired Locations days

FORMS AND ENDORSEMENTS applicable to this Coverage Part and made a part of this Policy at the time of issue are listed on the attached Forms and Endorsements Schedule, BM 88 01 (01/86).

EQUIPMENT BREAKDOWN COVERAGE FORM

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties, and what is and is not covered.

Throughout this Policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this Insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to Section **G. - Definitions**. Examples are shown for illustrative purposes only and do not represent predicted or expected outcomes.

A. Coverage

This Equipment Breakdown Coverage provides insurance for a Covered Cause of Loss as defined in **A.1.** below. In the event of a Covered Cause of Loss, we will pay for loss as described in **A.2.** below.

1. Covered Cause of Loss - "Accident"

The Covered Cause of Loss for this Equipment Breakdown Coverage is an "accident." Without an "accident," there is no Equipment Breakdown Coverage.

a. "Accident" means a fortuitous event that causes direct physical damage to "covered equipment." The event must be one of the following:

- (1) mechanical breakdown, including rupture or bursting caused by centrifugal force;
- (2) artificially generated electrical current, including electrical arcing, that damages electrical devices, appliances or wires;
- (3) explosion, other than combustion explosion, of steam boilers, steam piping, steam engines or steam turbines;
- (4) an event inside steam boilers, steam pipes, steam engines or steam turbines that damages such equipment;

(5) an event inside hot water boilers or other water heating equipment that damages such equipment; or

(6) bursting, cracking or splitting.

"Accident" does not include any condition or event listed in Definition **G.1.b.**

b. "Covered Equipment," means the following:

(1) Unless specified otherwise in the Declarations:

(a) equipment that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or

(b) equipment which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

(2) Except as specifically provided for under Off Premises Property Damage, Service Interruption, Contingent Business Income and paragraph (2) of Perishable Goods, such equipment must be at a location described in the Declarations and must be owned or leased by you or operated under your control.

"Covered equipment" does not include any property listed in Definition G.8.b.

2. Coverages Provided

This section lists the coverages that may apply in the event of an "accident." Each coverage is subject to a specific limit as shown in the Declarations. See paragraph C.2. for details.

These coverages apply only to the direct result of an "accident." For each coverage, we will pay only for that portion of the loss, damage or expense that is solely attributable to the "accident."

a. Property Damage

We will pay for physical damage to "covered property" that is at a location indicated in the Declarations at the time of the "accident."

b. Off Premises Property Damage

If you have transportable "covered equipment" that, at the time of the "accident," is within the Coverage Territory, but is not:

(1) at a location indicated in the Declarations; or

(2) at any other location owned or leased by you,

we will pay for physical damage to such "covered equipment."

c. Business Income

(1) We will pay your actual loss of "business income" during the "period of restoration" that results directly from the necessary total or partial interruption of your business.

(2) We will also pay any necessary expenses you incur during the "period of restoration" to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they

do not exceed the amount of loss that otherwise would have been payable under this coverage.

(3) We will consider the actual experience of your business before the "accident" and the probable experience you would have had without the "accident" in determining the amount of our payment.

d. Extra Expense

We will pay the reasonable and necessary "extra expense" to operate your business during the "period of restoration."

e. Service Interruption

We will pay for your loss and expense as defined under Business Income Coverage and Extra Expense Coverage that is the result of an "interruption of service."

f. Contingent Business Income

We will pay for your loss and expense as defined under Business Income and Extra Expense Coverages that results from an "interruption of supply."

g. Perishable Goods

(1) We will pay for physical damage to "perishable goods" due to "spoilage."

(2) We will also pay for physical damage to "perishable goods" due to "spoilage" that is the result of an "interruption of service."

(3) We will also pay for physical damage to "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia.

(4) We will also pay any necessary expenses you incur during the "period of restoration" to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they

do not exceed the amount of loss that otherwise would have been payable under this coverage.

h. Data Restoration

- (1) We will pay for your reasonable and necessary cost to research, replace or restore lost "data."
- (2) We will also pay for your loss and expense as defined under Business Income Coverage and Extra Expense Coverage that is the result of **h.(1)** above, if such coverage is otherwise applicable under this Policy. This coverage is included within the subject to your Data Restoration limit.

i. Demolition

- (1) This coverage applies if an "accident" damages a building that is "covered property" and the loss is increased by an ordinance or law that:
 - (a) requires the demolition of a building that is otherwise reparable;
 - (b) is in force at the time of the "accident"; and
 - (c) is not addressed under Hazardous Substances Coverage.
- (2) We will pay for the following additional costs to comply with such ordinance or law:
 - (a) your actual and necessary cost to demolish and clear the site of the undamaged parts of the building; and
 - (b) your actual and necessary cost to reconstruct the undamaged parts of the building.
- (3) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown

Coverage had no such ordinance or law been in force at the time of the "accident."

- (4) We will also pay for your loss and expense as defined under Business Income Coverage and Extra Expense Coverage that is the result of **i.(1)** above, if such coverage is otherwise applicable under this Policy. This coverage is included within and subject to your Demolition limit.

j. Ordinance or Law

- (1) This coverage applies if an "accident" damages a building that is "covered property" and the loss is increased by an ordinance or law that:
 - (a) regulates the construction or repair of buildings, including "building utilities";
 - (b) is in force at the time of the "accident"; and
 - (c) is not addressed under Demolition Coverage or Hazardous Substances Coverage.
- (2) We will pay for the following additional costs to comply with such ordinance or law:
 - (a) your actual and necessary cost to repair the damaged portions of the building;
 - (b) your actual and necessary cost to reconstruct the damaged portions of the building; and
 - (c) your actual and necessary cost to bring undamaged portions of the building into compliance with the ordinance or law.
- (3) As used in this coverage, additional costs mean those beyond what would have been payable

under this Equipment Breakdown Coverage had no such ordinance or law been in force at the time of the "accident."

- (4) We will also pay for your loss and expense as defined under Business Income Coverage and Extra Expense Coverage that is the result of j.(1) above, if such coverage is otherwise applicable under this Policy. This coverage is included within and subject to your Ordinance or Law limit.

k. Expediting Expenses

With respect to your damaged "covered property," we will pay the reasonable extra cost to:

- (1) make temporary repairs; and
- (2) expedite permanent repairs or permanent replacement.

l. Hazardous Substances

- (1) We will pay for the additional cost to repair or replace "covered property" because of contamination by a "hazardous substance." This includes the additional expenses to clean up or dispose of such property. This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in **Perishable Goods, A.2.g.(3)**.
- (2) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "hazardous substance" been involved.
- (3) We will also pay for your loss and expense as defined under Business Income Coverage and Extra Expense Coverage that is the result of l.(1) above, if such coverage is otherwise applicable

under this Policy. This coverage is included within and subject to your Hazardous Substances limit.

m. Newly Acquired Locations

- (1) You will notify us promptly of any newly acquired location that you have purchased or leased during the policy period.
- (2) All coverages applicable to any scheduled location under this Equipment Breakdown Coverage are extended to a newly acquired location that you have purchased or leased during the policy period.
- (3) This coverage begins at the time you acquire the property. As respects newly constructed properties, we will only consider them to be acquired by you when you have fully accepted the completed project.
- (4) This coverage ends when any of the following first occurs:
 - (a) this Policy expires;
 - (b) the number of days specified in the Declarations for this Coverage expires after you acquire the location;
 - (c) the location is incorporated into the regular coverage of this Policy; or
 - (d) the location is incorporated into the regular coverage of another Equipment Breakdown Policy you have.
- (5) If limits or deductibles vary by location, the highest limits and deductibles will apply to newly acquired locations. However, the most we will pay for loss, damage or expense arising from any "one accident" is the amount shown as the Newly Acquired Locations limit in the Declarations.

- (6) We will charge you additional premium for newly acquired locations from the date you acquire the property.

n. Course of Construction

This coverage is automatically included and does not need to be indicated in the Declarations.

- (1) You will notify us promptly of any expansion or rehabilitation of any location described in the Declarations.
- (2) All coverages applicable to any location described in the Declarations are extended to an expansion or rehabilitation of that location.
- (3) This coverage begins at the time you begin the expansion or rehabilitation project.
- (4) We will charge you additional premium for newly acquired equipment from the date the equipment is installed.

B. Exclusions

We will not pay for any excluded loss, damage or expense, even though any other cause or event contributes concurrently or in any sequence to the loss, damage or expense.

- 1. We will not pay for loss, damage or expense caused directly or indirectly by any of the following, whether or not caused by or resulting from an "accident."

a. Fire and Explosion

- (1) Fire, including smoke from a fire.
- (2) Combustion explosion. This includes, but is not limited to, a combustion explosion of any steam boiler or other fired vessel.
- (3) Any other explosion, except as specifically provided in **A.1.a.(3)**.

b. Ordinance or Law

The enforcement of, or change in, any ordinance, law, regulation, rule or ruling regulating or restricting repair, replacement, alteration, use, operation, construction or installation, except as specifically provided in **A.2.i., j. and l.** (Demolition, Ordinance or Law and Hazardous Substances Coverages).

c. Earth Movement

Earth movement, whether natural or human-made, including but not limited to earthquake, shock, tremor, subsidence, landslide, rock fall, earth sinking, sinkhole collapse or tsunami.

d. Nuclear Hazard

Nuclear reaction, detonation or radiation, or radioactive contamination, however caused.

e. War and Military Action

- (1) war, including undeclared or civil war;
- (2) warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) insurrection, rebellion, revolution, usurped power, political violence or action taken by governmental authority in hindering or defending against any of these.

f. Water

- (1) flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) mudslide or mudflow; or
- (3) water that backs up or overflows from a sewer, drain or sump.

However, if electrical "covered equipment" requires drying out because of the above, we will pay for the amount you actually expend to dry out such equipment, subject to the applicable Property Damage limit and Direct Coverage deductible. We will not pay more than the Actual Cash Value of the affected electrical "covered equipment."

We will not pay to replace such equipment or for any other loss, damage or expense.

g. Failure to Protect Property

Your failure to use all reasonable means to protect "covered property" from damage following an "accident."

h. Fines

Fine, penalty or punitive damage.

i. Mold

Mold, fungus, mildew or yeast, including any spores or toxins created or produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean-up, remediation, containment, removal or abatement of such mold, fungus, mildew, yeast spores or toxins. However, this exclusion does not apply to "spoilage" of personal property that is "perishable goods" to the extent that such "spoilage" is covered under Perishable Goods Coverage.

j. Deliberate Acts

The deliberate act of any person to cause damage or harm, including but not limited to vandalism, malicious mischief or sabotage.

2. We will not pay for an "accident" caused by or resulting from any of the following causes of loss:

- a. Lightning.
- b. Windstorm or Hail. However, this exclusion does not apply when:

- (1) "covered equipment" located within a building or structure suffers an "accident" that results from windblown rain, snow, sand or dust; and

- (2) the building or structure did not first sustain wind or hail damage to its roof or walls through which the rain, snow, sand or dust entered.

- c. Collision or any physical contact caused by a "vehicle." This includes damage by objects falling from aircraft. However, this exclusion does not apply to any unlicensed "vehicles" which you own or which are operated in the course of your business.

- d. Riot or Civil Commotion.

- e. Leakage or discharge of any substance from an automatic sprinkler system, including collapse of a tank that is part of the system.

- f. Volcanic Action.

- g. An electrical insulation breakdown test.

- h. A hydrostatic, pneumatic or gas pressure test.

- i. Water or other means intended to extinguish a fire, even when such an attempt is unsuccessful.

- j. Elevator collision.

3. We will not pay for an "accident" caused by or resulting from any of the following perils, if such peril is a covered cause of loss under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this Policy.

- a. Falling Objects.

- b. Weight of Snow, Ice or Sleet.

- c. Water Damage, meaning discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance containing water or steam.
 - d. Collapse.
 - e. Breakage of Glass.
 - f. Freezing caused by cold weather.
 - g. Discharge of molten material from equipment, including the heat from such discharged material.
4. Exclusions 2. and 3. do not apply if all of the following are true:
- a. the excluded peril occurs away from any location described in the Declarations and causes an electrical surge or other electrical disturbance;
 - b. such surge or disturbance is transmitted through utility service transmission lines to a described location;
 - c. at the described location, the surge or disturbance results in an "accident" to "covered equipment" that is owned or operated under the control of you or your landlord; and
 - d. the loss, damage or expense caused by such surge or disturbance is not a covered cause of loss under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this Policy.
5. With respect to Business Income, Extra Expense and Service Interruption Coverages, we will also not pay for:
- a. loss associated with business that would not or could not have been carried on if the "accident" had not occurred;
 - b. loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business;
- c. that part of any loss that extends beyond or occurs after the "period of restoration." This includes, but is not limited to:
 - (1) "business income" that would have been earned after the "period of restoration," even if such loss is the direct result of the suspension, lapse or cancellation of a contract during the "period of restoration"; and
 - (2) "extra expense" to operate your business after the "period of restoration," even if such loss is contracted for and paid during the "period of restoration."
 - d. any increase in loss resulting from an agreement between you and your customer or supplier. This includes, but is not limited to, contingent bonuses or penalties, late fees, demand charges, demurrage charges and liquidated damages.
6. With respect to Off Premises Property Damage Coverage, Service Interruption Coverage, Contingent Business Income Coverage and paragraph (2) of Perishable Goods Coverage, we will also not pay for an "accident" caused by or resulting from any of the perils listed in Exclusion 3. above, whether or not such peril is a covered cause of loss under another coverage part or policy of insurance you have.
7. With respect to Data Restoration Coverage, we will also not pay to reproduce:
- a. software programs or operating systems that are not commercially available; or
 - b. "data" that is obsolete, unnecessary or useless to you.
8. With respect to Demolition and Ordinance or Law Coverages, we will also not pay for:
- a. increased demolition or reconstruction costs until they are actually incurred; or

b. loss due to any ordinance or law that:

(1) you were required to comply with before the loss, even if the building was undamaged; and

(2) you failed to comply with;

whether or not you were aware of such non-compliance.

C. Limits of Insurance

Any payment made under this Equipment Breakdown Coverage will not be increased if more than one insured is shown in the Declarations or if you are comprised of more than one legal entity.

1. Equipment Breakdown Limit

The most we will pay for loss, damage or expense arising from any "one accident" is the amount shown as the Equipment Breakdown Limit in the Declarations.

2. Coverage Limits

a. The limit of your insurance under each of the coverages listed in **A.2.** from loss, damage or expense arising from any "one accident" is the amount indicated for that coverage in the Declarations. These limits are a part of, and not in addition to, the Equipment Breakdown Limit. If an amount of time is shown, coverage will continue for no more than that amount of time immediately following the "accident." If a coverage is shown as "Included," that coverage is provided up to the remaining amount of the Equipment Breakdown Limit. If no limit is shown in the Declarations for a coverage, or if a coverage is shown as Excluded in the Declarations, that coverage will be considered to have a limit of \$0.

b. If two or more coverage limits apply to the same loss or portion of a loss, we will pay only the smallest of the applicable limits for that loss or portion of the loss. This means that if:

(1) you have a loss under one of the coverages listed in **A.2.**; and

(2) all or part of the loss is not covered because the applicable coverage is Excluded or has a limit that is less than the amount of your loss,

we will not pay the remaining amount of such loss under any other coverage.

Example 1

Property Damage Limit: \$7,000,000

Business Income Limit: \$1,000,000

Newly Acquired Locations Limit: \$500,000

There is an "accident" at a newly acquired location that results in a Property Damage loss of \$200,000 and a Business Income loss of \$800,000.

We will pay \$500,000, because the entire loss is subject to the Newly Acquired Locations Limit of \$500,000.

Example 2

Property Damage Limit: \$7,000,000

Business Income Limit: \$500,000

Hazardous Substances Limit: \$25,000

There is an "accident" that results in a loss of \$100,000. If no "hazardous substance" had been involved, the property damage loss would have been \$10,000 and the business income loss would have been \$20,000. The presence of the "hazardous substance" increased the loss by \$70,000 (increasing the clean up and repair costs by \$30,000 and increasing the business income loss by \$40,000).

We will pay \$55,000 (\$10,000 property damage plus \$20,000 business income plus \$25,000 hazardous substances).

D. Deductibles

1. Deductibles for Each Coverage

a. Unless the Declarations indicate that your deductible is combined for all coverages, multiple deductibles may apply to any "one accident."

- b. We will not pay for loss, damage or expense under any coverage until the amount of the covered loss or damage exceeds the deductible amount indicated for that coverage in the Declarations. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit indicated in the Declarations.
- c. If deductibles vary by type of "covered equipment" and more than one type of "covered equipment" is involved in any "one accident," only the highest deductible for each coverage will apply.
- d. The following applies when a deductible is expressed as a function of the horsepower rating of a refrigerating or air conditioning system. If more than one compressor is used with a single system, the horsepower rating of the largest motor or compressor will determine the horsepower rating of the system.

2. Direct and Indirect Coverages

- a. Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the Declarations.
- b. Unless more specifically indicated in the Declarations:
 - (1) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss, regardless of where such coverage is provided in this Equipment Breakdown Coverage; and
 - (2) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this Equipment Breakdown Coverage.

Example

An "accident" results in covered losses as follows:

\$100,000 Total Loss (all applicable coverages)

\$35,000 Business Income Loss (including \$2,000 of business income loss payable under Data Restoration Coverage)

\$5,000 Extra Expense Loss

In this case, the Indirect Coverages loss totals \$40,000 before application of the Indirect Coverage Deductible. The Direct Coverages loss totals the remaining \$60,000 before application of the Direct Coverage Deductible.

3. Application of Deductibles

a. Dollar Deductibles

We will not pay for loss, damage or expense resulting from any "one accident" until the amount of loss, damage or expense exceeds the applicable deductible or deductibles shown in the Declarations. We will then pay the amount of loss, damage or expense in excess of the applicable deductible or deductibles, subject to the applicable limits shown in the Declarations.

b. Time Deductibles

If a time deductible is shown in the Declarations, we will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident." If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

c. Multiple of Average Daily Value (ADV) Deductibles

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the "business income" that would have been earned during the period of interruption had no "accident" occurred, divided by the number of working days in that period. The ADV applies to the "business income" value of the entire location, whether or not the loss affects the entire location. If more

than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the "period of restoration."

The number indicated in the Declarations will be multiplied by the ADV as determined above. The result will be used as the applicable deductible.

Example

Business is interrupted, partially or completely, for 10 working days. If there had been no "accident," the total "business income" at the affected location for those 10 working days would have been \$5,000. The Indirect Coverages Deductible is 3 times ADV.

$$\$5,000/10 = \$500 \text{ ADV}$$

$$3 \times \$500 = \$1,500 \text{ Indirect Coverages Deductible}$$

d. Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated Minimum Deductible, the Minimum Deductible will be the applicable deductible.

E. Loss Conditions

The following conditions apply:

1. Abandonment

There can be no abandonment of any property to us.

2. Brands and Labels

If branded or labeled merchandise that is "covered property" is damaged by an "accident," but retains a salvage value, you may, at your expense:

- a. stamp the word **Salvage** on the merchandise or its containers if the stamp will not physically damage the merchandise; or
- b. remove the brands or labels, if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with the law.

We will pay for any reduction in value of the salvage merchandise resulting from either of these two actions, subject to all applicable limits.

If a Brands and Labels Limit is shown on the Declarations, we will not pay more than the indicated amount for coverage under this Condition.

3. Coinsurance - Business Income Coverage

- a. Unless otherwise shown in the Declarations, Business Income Coverage is subject to coinsurance. This means that we will not pay the full amount of any "business income" loss if the "business income actual annual value" is greater than the "business income estimated annual value" at the affected location at the time of the "accident." Instead, we will determine the most we will pay using the following steps:

- (1) divide the "business income estimated annual value" by the "business income actual annual value" at the time of the "accident";
- (2) multiply the total amount of the covered loss of "business income" by the amount determined in paragraph (1) above;
- (3) subtract the applicable deductible from the amount determined in paragraph (2) above;

The resulting amount, or the Business Income Limit, whichever is less, is the most we will pay. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

- b. Coinsurance applies separately to each insured location.
- c. If you report a single "business income estimated annual value" for more than one location, without providing information on how that amount should be distributed among the locations, we will distribute the amount evenly among all applicable locations.

Example 1 (Underinsurance)

When:

The "business income actual annual value" at the location of loss at the time of the "accident" is \$200,000.

The "business income estimated annual value" shown in the Declarations for the location of loss is \$100,000.

The actual loss of "business income" resulting from the "accident" is \$40,000.

The Business Income limit is \$100,000.

The Business Income deductible is \$5,000.

Step 1: $\$100,000 / \$200,000 = .5$

Step 2: $\$40,000 \times .5 = \$20,000$

Step 3: $\$20,000 - \$5,000 = \$15,000$

The total "business income" loss recovery, after deductible, would be \$15,000. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

We will also charge you an additional premium in recognition of the actual "business income annual value."

Example 2 (Adequate Insurance)

When:

The "business income actual annual value" at the location of loss at the time of the "accident" is \$200,000.

The "business income estimated annual value" shown in the Declarations for the location of loss is \$200,000.

The actual loss of "business income" resulting from the "accident" is \$40,000.

The Business Income limit is \$100,000.

The Business Income deductible is \$5,000.

Step 1: $\$200,000 / \$200,000 = 1$

Step 2: $\$40,000 \times 1 = \$40,000$

Step 3: $\$40,000 - \$5,000 = \$35,000$

The total "business income" loss recovery, after deductible, would be \$35,000.

4. Coinsurance - Coverages Other Than Business Income

Coverages other than Business Income may be subject to coinsurance if so indicated in the Declarations. If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of the property subject to the coverage at the time of the "accident" times the Coinsurance percentage shown for it in the Declarations is greater than the applicable limit.

Instead, we will determine the most we will pay using the following steps:

- (1) multiply the value of the property subject to the coverage at the time of the "accident" by the Coinsurance Percentage;
- (2) divide the applicable limit by the amount determined in step (1);
- (3) multiply the total amount of loss, before the application of any deductible, by the amount determined in step (2); and
- (4) subtract the deductible from the amount determined in step (3).

We will pay the amount determined in step (4) or the applicable limit, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

- b. Coinsurance applies separately to each insured location.

Example 1 (Underinsurance)

When:

The actual value of "perishable goods" at the location of loss at the time of the "accident" is \$200,000.

The Perishable Goods limit is \$100,000 @ 80% coinsurance.

The loss under Perishable Goods Coverage resulting from the "accident" is \$60,000.

The Perishable Goods Deductible is \$5,000.

Step 1: $\$200,000 \times 80\% = \$160,000$

Step 2: $\$100,000 / \$160,000 = .625$

Step 3: $\$60,000 \times .625 = \$37,500$

Step 4: $\$37,500 - \$5,000 = \$32,500$

The total Perishable Goods loss recovery, after deductible, would be \$32,500. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example 2 (Adequate Insurance)

When:

The actual value of "perishable goods" at the location of loss at the time of the "accident" is \$100,000.

The Perishable Goods limit is \$100,000 @ 80% coinsurance.

The loss under Perishable Goods Coverage resulting from the "accident" is \$60,000.

The Perishable Goods Deductible is \$5,000.

Step 1: $\$100,000 \times 80\% = \$80,000$

Step 2: $\$100,000 / \$80,000 = 1.25$

Coinsurance does not apply.

Step 3: $\$60,000 - \$5,000 = \$55,000$

The total Perishable Goods loss recovery, after deductible, would be \$55,000.

5. Defense

We have the right, but are not obligated, to defend you against suits arising from claims of owners of property in your care, custody or control. When we do this, it will be at our expense.

6. Duties in the Event of Loss or Damage

You must see that the following are done in the event of loss or damage:

- a. Give us prompt notice of the loss or damage, including a description of the property involved.
- b. You must reduce your loss, damage or expense, if possible, by:
 - (1) protecting property from further damage. We will not pay for your failure to protect property, as stated in exclusion B.1.g.;
 - (2) resuming business, partially or completely at the location of loss or at another location;
 - (3) making up lost business within a reasonable amount of time. This includes working extra time or overtime at the location of loss or at another location. The reasonable amount of time does not necessarily end when the operations are resumed;
 - (4) using merchandise or other property available to you;
 - (5) using the property or services of others; and
 - (6) salvaging the damaged property.
- c. Allow us a reasonable time and opportunity to examine the property and premises before repair or replacement is undertaken or physical evidence of the "accident" is removed. But you

must take whatever measures are necessary for protection from further damage.

- d. Make no statement that will assume any obligation or admit any liability, for any loss, damage or expense for which we may be liable, without our consent.
- e. Promptly send us any legal papers or notices received concerning the loss, damage or expense.
- f. As often as may be reasonably required, permit us to inspect your property, premises and records. Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- g. If requested, permit us to examine you and any of your agents, employees and representatives under oath. We may examine any insured under oath while not in the presence of any other insured. Such examination:
 - (1) may be at any time reasonably required;
 - (2) may be about any matter relating to this insurance, your loss, damage or expense, or your claim, including, but not limited to, your books and records; and
 - (3) may be recorded by us by any methods we choose.
- h. Send us a signed, sworn proof of loss containing the information we request. You must do this within 60 days after our request.
- i. Cooperate with us in the investigation and settlement of the claim.

7. Errors and Omissions

- a. We will pay your loss covered by this Equipment Breakdown Coverage if such loss is otherwise not payable solely because of any of the following:

- (1) any error or unintentional omission in the description or location of property as insured under this Policy;

- (2) any failure through error to include any premises owned or occupied by you at the inception of this Policy; or

- (3) any error or unintentional omission by you that results in cancellation of any premises insured under this Policy.

- b. No coverage is provided as a result of any error or unintentional omission by you in the reporting of values or the coverage you requested.

- c. It is a condition of this coverage that such errors or unintentional omissions shall be reported and corrected when discovered. The policy premium will be adjusted accordingly to reflect the date the premises should have been added had no error or omission occurred.

- d. If an Errors and Omissions Limit is shown on the Declarations, we will not pay more than the indicated amount for coverage under this Condition.

8. Proving Your Loss

It is your responsibility, at your own expense, to provide documentation to us:

- a. demonstrating that the loss, damage or expense is the result of an "accident" covered under this Equipment Breakdown Coverage; and
- b. calculating the dollar amount of the loss, damage and expense that your claim is covered.

Your responsibility in 8.a. above is without regard to whether or not the possible "accident" occurred at your premises or involved your equipment.

9. Salvage and Recoveries

When, in connection with any loss under this Equipment Breakdown Coverage, any salvage or recovery is received after the payment for such loss, the amount of the loss shall be refigured on the basis on which it would have been settled had the amount of salvage or recovery been known at the time the loss was originally determined. Any amounts thus found to be due either party from the other shall be paid promptly.

10. Valuation

We will determine the value of "covered property" as follows:

a. Except as specified otherwise, our payment for damaged "covered property" will be the smallest of:

- (1) the cost to repair the damaged property;
- (2) the cost to replace the damaged property on the same site; or
- (3) the amount you actually spend that is necessary to repair or replace the damaged property.

b. The amount of our payment will be based on the most cost-effective means to replace the function, capacity and remaining useful life of the damaged property. This may include the use of generic, used or reconditioned parts, equipment or property.

c. Except as described in d. below, you must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.

d. Environmental, Safety and Efficiency Improvements

If "covered equipment" requires replacement due to an "accident," we will pay your additional cost to replace with equipment that we agree is better for the environment, safer for people

or more energy efficient than the equipment being replaced, subject to the following conditions:

- (1) we will not pay more than 125% of what the cost would have been to replace with like kind and quality;
- (2) we will not pay to increase the size or capacity of the equipment;
- (3) this provision only applies to Property Damage Coverage;
- (4) this provision does not increase any of the applicable limits;
- (5) this provision does not apply to any property valued on an Actual Cash Value basis; and
- (6) this provision does not apply to the replacement of component parts.

e. The following property will be valued on an Actual Cash Value basis:

- (1) any property that does not currently serve a useful or necessary function for you;
- (2) any "covered property" that you do not repair or replace within 24 months after the date of the "accident"; and
- (3) any "covered property" for which Actual Cash Value coverage is specified in the Declarations.

Actual Cash Value includes deductions for depreciation.

f. If any one of the following conditions is met, property held for sale by you will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses that otherwise would have applied:

- (1) the property was manufactured by you;

(2) the sales price of the property is less than the replacement cost of the property; or

(3) you are unable to replace the property before its anticipated sale.

g. Except as specifically provided for under Data Restoration coverage, "data" and "media" will be valued on the following basis:

(1) For mass-produced and commercially available software, at the replacement cost.

(2) For all other "data" and "media," at the cost of blank "media" for reproducing the records. We will not pay for "data" representing financial records based on the face value of such records.

h. Air conditioning or refrigeration equipment that utilizes a refrigerant containing CFC (chlorofluorocarbon) substances will be valued at the cost to do the least expensive of the following:

(1) repair or replace the damaged property and replace any lost CFC refrigerant;

(2) repair the damaged property, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or

(3) replace the system with one using a non-CFC refrigerant.

In determining the least expensive option, we will include any associated Business Income or Extra Expense loss. If option (2) or (3) is more expensive than (1), but you wish to retrofit or replace anyway, we will consider this better for the environment and therefore eligible for valuation under paragraph d., **Environmental, Safety and Efficiency Improvements**. In such case, **E.10.d.(1)** is amended to read: "We will not pay more than 125% of

what the cost would have been to repair or replace with like kind and quality."

F. Additional Conditions

The following conditions apply in addition to the Loss Conditions:

1. Additional Insured

If a person or organization is designated in this Equipment Breakdown Coverage as an additional insured, we will consider them to be an insured under this Equipment Breakdown Coverage only to the extent of their interest in the "covered property."

2. Bankruptcy

The bankruptcy or insolvency of you or your estate will not relieve you or us of any obligation under this Equipment Breakdown Coverage.

3. Cancellation

a. The first Named Insured shown in the Declarations may cancel this Policy by mailing or delivering to us advance written notice of cancellation.

b. We may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

(1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

c. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.

d. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

e. If this Policy is canceled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named

Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

- f. If notice is mailed, proof of mailing will be sufficient proof of notice.

4. Changes

This Policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this Policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this Policy.

5. Concealment, Misrepresentation or Fraud

We will not pay for any loss and coverage will be void if you or any additional insured at any time:

- a. intentionally cause or allow loss, damage or expense in order to collect on insurance; or
- b. intentionally conceal or misrepresent a material fact concerning:
 - (1) this Equipment Breakdown Coverage;
 - (2) the "covered property";
 - (3) your interest in the "covered property"; or
 - (4) a claim under this Equipment Breakdown Coverage.

6. Examination of Your Books and Records

We may examine and audit your books and records as they relate to this Policy at any time during the policy period and up to three years afterward.

7. Inspections and Surveys

- a. We have the right to:

- (1) make inspections and surveys at any time;
- (2) give you reports on the conditions we find; and
- (3) recommend changes.

- b. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- (1) are safe or healthful; or
- (2) comply with laws, regulations, codes or standards.

- c. Paragraphs a. and b. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

8. Jurisdictional Inspections

It is your responsibility to comply with any state or municipal boiler and pressure vessel regulations. If any "covered equipment" that is "covered property" requires inspection to comply with such regulations, at your option we agree to perform such inspection.

9. Legal Action Against Us

No one may bring a legal action against us under this Equipment Breakdown Coverage unless:

- a. there has been full compliance with all the terms of this Equipment Breakdown Coverage; and
- b. the action is brought within two years after the date of the "accident"; or
- c. we agree in writing that you have an obligation to pay for damage to "covered property" of others or until the

amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this Policy to bring us into an action to determine your liability.

10. Liberalization

If we adopt any standard form revision for general use that would broaden the coverage under this Equipment Breakdown Coverage without additional premium, the broadened coverage will apply to this Equipment Breakdown Coverage commencing on the date that such revision becomes effective in the jurisdiction where the "accident" occurs.

11. Loss Payable

- a. We will pay you and the loss payee shown in the Declarations for loss covered by this Equipment Breakdown Coverage, as interests may appear. The insurance covers the interest of the loss payee unless the loss results from conversion, secretion or embezzlement on your part or on the part of the loss payee.
- b. We may cancel the Policy as allowed by the **Cancellation** Condition. Cancellation ends this agreement as to the loss payee's interest. If we cancel, we will mail you and the loss payee the same advance notice.
- c. If we make any payment to the loss payee, we will obtain their rights against any other party.

12. Maintaining Your Property and Equipment

It is your responsibility to appropriately maintain your property and equipment. We will not pay your costs to maintain, operate, protect or enhance your property or equipment, even if such costs are to comply with our recommendations or prevent loss, damage or expense that would be covered under this Policy.

13. Mortgage Holders

- a. The term mortgage holder includes trustee.
- b. We will pay for direct damage to "covered property" due to an "accident" to "covered equipment" to you and each mortgage holder shown in the Declarations in their order of precedence, as interests in the "covered property" may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the "covered property."
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Equipment Breakdown Coverage, the mortgage holder will still have the right to receive loss payment, provided the mortgage holder does all of the following:
 - (1) pays any premium due under this Equipment Breakdown Coverage at our request if you have failed to do so;
 - (2) submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so;
 - (3) has notified us of any change in ownership or material change in risk known to the mortgage holder; and
 - (4) has complied with all other terms and conditions of this Policy.

All of the terms of this Equipment Breakdown Coverage will then apply directly to the mortgage holder.

- e. If we pay the mortgage holder for any loss and deny payment to you because of your acts or because you have failed to comply with the terms of this Equipment Breakdown Coverage:

- (1) the mortgage holder's right under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) the mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this Policy, we will give written notice to the mortgage holder at least:
 - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this Policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this Policy.
- h. If we suspend coverage, it will also be suspended as respects the mortgage holder. We will give written notice of the suspension to the mortgage holder.

14. Other Insurance

If there is other insurance that applies to the same loss, damage or expense, this Equipment Breakdown Coverage shall apply only as excess insurance after all other applicable insurance has been exhausted.

15. Policy Period, Coverage Territory

Under this Equipment Breakdown Coverage:

- a. The "accident" must occur during the policy period, but expiration of the Policy does not limit our liability.

- b. The "accident" must occur within the following Coverage Territory:

- (1) the United States of America (including its territories and possessions);
- (2) Puerto Rico; and
- (3) Canada.

16. Premiums

The first Named Insured shown in the Declarations:

- a. is responsible for the payment of all premiums; and
- b. will be the payee for any return premiums we pay.

17. Privilege to Adjust with Owner

In the event of loss, damage or expense involving property of others in your care, custody or control, we have the right to settle the loss, damage or expense with respect to such property with the owner of the property. Settlement with owners of that property will satisfy any claim of yours.

18. Suspension

Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "covered equipment." This can be done by delivering or mailing a written notice of suspension to:

- a. your last known address; or
- b. the address where the "covered equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "covered equipment."

If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment" for the period of

suspension. But the suspension will be effective even if we have not yet made or offered a refund.

19. Transfer of Your Rights and Duties Under This Policy

Your rights and duties under this Policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

20. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom we make payment under this Equipment Breakdown Coverage has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to an "accident."
- b. After an "accident" only if, at time of the "accident," that party is one of the following:
 - (1) someone insured by this Policy;
or
 - (2) a business firm:
 - (a) owned or controlled by you;
or
 - (b) that owns or controls you.

G. Definitions

1. "Accident"

- a. "Accident" is defined in **A.1.a.**

- b. None of the following is an "accident," however caused and without regard to whether such condition or event is normal and expected or unusual and unexpected;

- (1) depletion, deterioration, rust, corrosion, erosion, settling or wear and tear;
- (2) any gradually developing condition;
- (3) any defect, programming error, programming limitation, computer virus, malicious code, loss of "data," loss of access, loss of use, loss of functionality or other condition within or involving "data" or "media" of any kind;
- (4) contamination by a "hazardous substance"; or
- (5) misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.

2. "Boilers and Vessels" means:

- a. boilers;
- b. steam piping;
- c. piping that is part of a closed loop used to conduct heat from a boiler;
- d. condensate tanks; and
- e. unfired vessels which, during normal usage, operate under vacuum or pressure, other than the weight of contents.

This term does not appear elsewhere in this Coverage Form, but may appear in the Declarations.

- ##### **3. "Building Utilities" means "covered equipment" permanently mounted on or in a building and used to provide any of the following services within the building: heating, ventilating, air conditioning, electrical power, hot water, elevator or es-**

calator services, natural gas service or communications. "Building utilities" does not include personal property or equipment used in manufacturing or processing.

4. **"Buried Vessels or Piping"** means any piping or vessel buried or encased in the earth, concrete or other material, whether above or below grade, or in an enclosure which does not allow access for inspection and repair.

5. **"Business Income"** means the sum of:

- a. the Net Income (net profit or loss before income taxes) that would have been earned or incurred; and
- b. continuing normal and necessary operating expenses incurred, including employee payroll.

6. **"Business Income Actual Annual Value"** means the "business income" for the current fiscal year that would have been earned had no "accident" occurred.

In calculating the "business income actual annual value," we will take into account the actual experience of your business before the "accident" and the probable experience you would have had without the "accident."

7. **"Business Income Estimated Annual Value"** means the anticipated "business income" reported to us and shown in the Declarations. If no value is shown in the Declarations, the "business income estimated annual value" will be the most recent report of anticipated "business income" values on file with us.

8. **"Covered Equipment"**

- a. "Covered Equipment" is defined in A.1.b.
- b. None of the following is "covered equipment":
 - (1) structure, including but not limited to the structural portions of buildings and towers, scaffolding, and any air supported enclosure;
 - (2) foundation;

- (3) cabinet, compartment, conduit or ductwork;
- (4) insulating or refractory material;
- (5) "buried vessels or piping";
- (6) waste, drainage or sewer piping;
- (7) piping, valves or fittings forming a part of a sprinkler or fire suppression system;
- (8) water piping that is not part of a closed loop used to conduct heat or cooling from a boiler or a refrigeration or air conditioning system;
- (9) "vehicle" or any equipment mounted on a "vehicle";
- (10) satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
- (11) dragline, excavation or construction equipment;
- (12) equipment manufactured by you for sale; or
- (13) "data."

9. **"Covered Property"**

- a. "Covered Property" means property that you own or property that is in your care, custody or control and for which you are legally liable. Such property must be at a location described in the Declarations except as provided under Off Premises Property Damage Coverage.
- b. None of the following is "covered property":
 - (1) accounts, bills, currency, deeds or other evidences of debt, money, notes or securities;
 - (2) fine arts, jewelry, furs or precious stones;
 - (3) precious metal, unless forming a part of "covered equipment";

- (4) animals;
- (5) contraband, or property in the course of illegal transportation or trade;
- (6) land (including land on which the property is located), water, trees, growing crops or lawns; or
- (7) shrubs or plants, unless held indoors for retail sale.

10. **"Data"** means information or instructions stored in digital code capable of being processed by machinery.

11. **"Electrical Generating Equipment"**

a. "Electrical Generating Equipment" means equipment which converts any other form of energy into electricity. This includes, but is not limited to, the following:

- (1) boilers used primarily to provide steam for one or more turbine-generator units;
- (2) turbine-generators (including steam, gas, water or wind turbines);
- (3) engine-generators;
- (4) fuel cells or other alternative electrical generating equipment;
- (5) electrical transformers, switch-gear and power lines used to convey the generated electricity; and
- (6) associated equipment necessary for the operation of any of the equipment listed in (1) through (5) above.

b. "Electrical Generating Equipment" does not mean:

- (1) elevator or hoist motors that generate electricity when releasing cable; or

- (2) equipment intended to generate electricity solely on an emergency, back-up basis.

This term does not appear elsewhere in this Coverage Form, but may appear in the Declarations.

12. **"Extra Expense"** means the additional cost you incur to operate your business over and above the cost that you normally would have incurred to operate your business during the same period had no "accident" occurred.

13. **"Hazardous Substance"** means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.

14. **"Interruption of Service"**

a. "Interruption of Service" means a failure or disruption of the normal supply of any of the Covered Services listed in b. below, when such failure or disruption is caused by an "accident" to "covered equipment," subject to the conditions listed in c. through f. below.

b. Covered Services are electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks and data transmission.

c. The "covered equipment" must either be:

(1) owned by a company with whom you have a contract to supply you with one of the Covered Services; or

(2) used to supply you with one of the Covered Services and located within one mile of a location described in the Declarations.

d. If a Service Interruption Distance Limitation is indicated in the Declarations, the "covered equipment" suffering the

"accident" must be located within the indicated distance of any location described in the Declarations.

- e. Unless otherwise shown in the Declarations, no failure or disruption of service will be considered to qualify as an "interruption of service" until the failure or disruption exceeds 24 hours immediately following the "accident."
- f. "Interruption of Service" does not include any failure or disruption, whether or not arising from or involving an "accident," in which a supplier could have continued to provide service to the location but chose for any reason to reduce or discontinue service.

15. "Interruption of Supply"

- a. "Interruption of Supply" means a failure or disruption of the normal supply of any of the Covered Contingencies listed below, when such failure or disruption is caused by an "accident" to "covered equipment" that is located at a Contingent Business Income supplier or receiver location indicated in the Declarations. If no Contingent Business Income supplier or receiver location is indicated in the Declarations, the "covered equipment" must be owned by a supplier from whom you have received the Covered Contingency for at least six months prior to the "accident" or a receiver to whom you have supplied the Covered Contingency for at least six months prior to the "accident."
- b. Covered Contingencies are raw materials, intermediate products, finished products, packaging materials and product processing services.

16. "Media" means material on which "data" is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.

17. "One Accident" means all "accidents" occurring at the same time from the same event.

If an "accident" causes other "accidents," all will be considered "one accident."

18. "Ordinary Payroll" means the Payroll Expenses associated with all employees other than executives, department managers and employees under contract.

As used above, Payroll Expenses means all payroll, employee benefits directly related to payroll, FICA payments you pay, union dues you pay and workers compensation premiums.

"Ordinary payroll" does not include pensions or directors fees.

This term does not appear elsewhere in this Coverage Form, but may appear in the Declarations.

19. "Period of Restoration" means the period of time that begins at the time of the "accident" and continues until the earlier of:

- a. the date the physical damage to "covered equipment" is repaired or replaced; or
- b. the date on which such damage could have been repaired or replaced with the exercise of due diligence and dispatch,

plus the number of days, if any, shown in the Declarations for Extended Period of Restoration.

20. "Perishable Goods" means any "covered property" subject to deterioration or impairment as a result of a change of conditions, including but not limited to temperature, humidity or pressure.

21. "Production Machinery" means any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus.

This term does not appear elsewhere in this Coverage Form, but may appear in the Declarations.

22. "Spoilage" means any detrimental change in state. This includes but is not limited to thawing of frozen goods, warming of refrigerated goods, freezing of fresh goods, solidification of liquid or molten material and chemical reactions to material in process.

23. "Vehicle" means any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" in-

cludes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.

However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle."

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARKANSAS CHANGES

This endorsement modifies insurance provided under the following:

EQUIPMENT BREAKDOWN COVERAGE FORM

A. Under F. Additional Conditions, paragraph 3. Cancellation is replaced by the following:

- e. (1)** If this Policy is cancelled, we will send the first Named Insured any premium refund due.
- (2)** We will refund the pro rata unearned premium if the Policy is:
 - (a)** cancelled by us or at our request;
 - (b)** cancelled but rewritten with us or in our company group;
 - (c)** cancelled because you no longer have an insurable interest in the property or business operation that is the subject of this insurance; or
 - (d)** cancelled after the first year of a prepaid policy that was written for a term of more than one year.
- (3)** If the Policy is cancelled at the request of the first Named Insured, other than a cancellation described in **(2)(a), (b), or (c)** above, we will refund 90% of the pro rata unearned premium. However, the refund will be less than 90% of the pro rata unearned premium if the refund of such amount would reduce the premium retained by us to an amount less than the minimum premium for this Policy.
- (4)** The cancellation will be effective even if we have not made or offered a refund.

- (5)** If the first Named Insured cancels the Policy, we will retain no less than \$100 of the premium, subject to the following:

We will retain no less than \$250 of the premium for the **Equipment Breakdown Coverage Form**.

B. Under F. Additional Conditions, paragraph 3. Cancellation the following is added:

g. Cancellation of Policies in Effect More Than 60 Days

- (1)** If this Policy has been in effect more than 60 days or is a renewal policy, we may cancel only for one or more of the following reasons:
 - (a)** nonpayment of premium;
 - (b)** fraud or material misrepresentation made by you or with your knowledge in obtaining the Policy, continuing the Policy or in presenting a claim under the Policy;
 - (c)** the occurrence of a material change in the risk which substantially increases any hazard insured against after policy issuance;
 - (d)** violation of any local fire, health, safety, building or construction regulation or ordinance with respect to any insured property or its occupancy which substantially increases any hazard insured against under the Policy;

(e) nonpayment of membership dues in those cases where our by-laws, agreements or other legal instruments require payment as a condition of the issuance and maintenance of the Policy; or

(f) a material violation of a material provision of the Policy.

(2) Subject to paragraph 7.c., if we cancel for:

(a) Nonpayment of premium, we will mail or deliver written notice of cancellation, stating the reason for cancellation, to the first Named Insured and any lienholder or loss payee named in the Policy at least 10 days before the effective date of cancellation.

(b) Any other reason, we will mail or deliver notice of cancellation to the first Named Insured and any lienholder or loss payee named in the Policy at least 20 days before the effective date of cancellation.

C. Under **F. Additional Conditions**, paragraph **13. Mortgage Holders** is replaced by the following:

13. If we elect not to renew this Policy, we will give written notice to the mortgageholder:

a. as soon as practicable if nonrenewal is due to the first Named Insured's failure to pay any premium required for renewal; or

b. at least 60 days before the expiration date of this Policy if we nonrenew for any other reason.

D. Under **F. Additional Conditions**, the following condition is added and supersedes any other provision to the contrary:

Nonrenewal

1. If we decide not to renew this Policy, we will mail to the first Named Insured shown in the Declarations, and to any lienholder or loss payee named in the Policy, written notice of nonrenewal at least 60 days before:

a. its expiration date; or

b. its anniversary date, if it is a policy written for a term of more than one year and with no fixed expiration date.

However, we are not required to send this notice if nonrenewal is due to the first Named Insured's failure to pay any premium required for renewal.

The provisions of this paragraph 1. do not apply to any mortgageholder.

2. We will mail our notice to the first Named Insured's mailing address last known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

E. Under **F. Additional Conditions**, paragraph **9. Legal Action Against Us** the two years limitation is revised to five years.

<i>SERFF Tracking Number:</i>	<i>HSTB-125135491</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Great American Insurance Company, ...</i>	<i>State Tracking Number:</i>	<i>AR-PC-07-024790</i>
<i>Company Tracking Number:</i>	<i>BM-AR-0703-FREE-FORM</i>		
<i>TOI:</i>	<i>27.0 Boiler & Machinery</i>	<i>Sub-TOI:</i>	<i>27.0000 Boiler & Machinery</i>
<i>Product Name:</i>	<i>Boiler and Machinery</i>		
<i>Project Name/Number:</i>	<i>GAIC Equipment Breakdown Form & Rate Filing/</i>		

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: HSTB-125135491 State: Arkansas
First Filing Company: Great American Insurance Company, ... State Tracking Number: AR-PC-07-024790
Company Tracking Number: BM-AR-0703-FREE-FORM
TOI: 27.0 Boiler & Machinery Sub-TOI: 27.0000 Boiler & Machinery
Product Name: Boiler and Machinery
Project Name/Number: GAIC Equipment Breakdown Form & Rate Filing/

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-Property & Casualty **Review Status:** Approved 05/25/2007

Comments:

Attachment:

P&C Transmittal DocumentAR.pdf

Satisfied -Name: Authorization Letter **Review Status:** Approved 05/25/2007

Comments:

Attachment:

authorization letter 4 hsb.PDF

Satisfied -Name: Form Filing Memorandum **Review Status:** Approved 05/25/2007

Comments:

Attachment:

form filing memo 2007.pdf

Satisfied -Name: Side-by-Side Comparison **Review Status:** Approved 05/25/2007

Comments:

Attachment:

GAIC SIDE BY SIDE COMPARISON final.pdf

Property & Casualty Transmittal Document-

Effective March 1, 2007

1. Reserved for Insurance Dept. Use Only		2. Insurance Department Use only			
		a. Date the filing is received:			
		b. Analyst:			
		c. Disposition:			
		d. Date of disposition of the filing:			
		e. Effective date of filing:			
		New Business			
		Renewal Business			
				f. State Filing #:	
		g. SERFF Filing #:			
		h. Subject Codes			
3.	Group Name	Great American Insurance Group			Group NAIC # 084
4.	Company Name(s)	Domicile	NAIC #	FEIN #	State #
	Great American Insurance Company	Ohio	084-16691	31-0501234	
	Great American Assurance Company	Ohio	084-26344	15-6020948	
	Great American Alliance Insurance Company	Ohio	084-26832	95-1542353	
	Great American Insurance Company of New York	New York	084-22136	13-5539046	
5.	Company Tracking Number	BM-AR-0703-FREE-FORM			

Contact Info of File s or Corporate Officer(s) include toll-free number

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Faye W. Neilan	Director of Regulatory Compliance	800-472-1866 860-722-5321	860-722-5710	faye_neilan@hsb.com
7.	Signature of authorized filer				
b	Please print name of authorized filer		Faye W. Neilan		

Filing information see General Instructions for descriptions of these fields)

9.	Type of Insurance (TOI)	27.0 Boiler and Machinery	
10.	Sub-Type of Insurance (Sub-TOI)	27.0000 Boiler and Machinery	
11.	State Specific Product code(s)(if applicable)(See State Specific Requirements]		
12.	Company Program Title (Marketing title)	Equipment Breakdown – Boiler and Machinery	
13.	Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)	
14.	Effective Date(s) Requested	<input checked="" type="checkbox"/> New: upon approval Renewal: upon approval	
15.	Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
16.	Reference Organization (if applicable)		
17.	Reference Organization # & Title		
18.	Company's Date of Filing		
19.	Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved	

Property & Casualty Transmittal Document-

20.	This filing transmittal is part of Company Tracking #	BM-AR-0703-FREE-FORM
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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The Great American Insurance Group of insurance companies identified above (Great American) has authorized its filing agent, The Hartford Steam Boiler Inspection and Insurance Company, to file Equipment Breakdown Coverage forms, rates and rules on its behalf for your review and approval (please see enclosed authorization letter). This filing for Great American is a revision and replacement of the program (Company file number GA-FBP) that Hartford Steam Boiler filed for Great American in 1999. This coverage, which will be written by the Great American insurance companies identified above, will be reinsured 100% by The Hartford Steam Boiler Inspection and Insurance Company.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
-----	---

Check #: 3000088862

Amount: \$50.00

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

**** Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

Specialty Operations
49 East Fourth Street
Dixie Terminal South Building
4th Floor
Cincinnati, OH 45202-3803
PO Box 5425
Cincinnati, OH 45201-5425
513.287.8100 ph
513.333.6996 fax



February 22, 2007

RE: GREAT AMERICAN INSURANCE GROUP		
Great American Insurance Company	084-16691	31-0501234
Great American Assurance Company	084-26344	15-6020948
Great American Alliance Insurance Company	084-26832	95-1542353
Great American Insurance Company of New York	084-22136	13-5539046
Equipment Breakdown – Boiler and Machinery		
Form, Rate and Rule Filing		

To Whom It May Concern:

Please be advised that the Hartford Steam Boiler Inspection and Insurance Company is authorized to file the form, rate and rules on the attachment to this letter on behalf of Great American Insurance Group. This authorization applies to all states and jurisdictions in which Great American Insurance Group is licensed to sell Boiler and Machinery Insurance.

The Hartford Steam Boiler Inspection and Insurance Company is also authorized to serve as the primary contact for insurance regulators in connection with this filing. All questions concerning the forms, rate and rules identified on the attachment should be directed to:

Faye W. Neilan, Director of Regulatory Compliance
The Hartford Steam Boiler Inspection and Insurance Company
One State Street
P.O. Box 5024
Hartford, CT 06102-5024
Telephone: 860-722-5321

Facsimile: 860-722-5710

E-mail: faye_neilan@hsb.com

If you have any questions concerning this authorization, please contact Donna Szuch, Divisional Vice President, Great American Insurance Company, at (513) 287-8223.

Sincerely,

Christie M. Mayes
Sr. Product Analyst
Phone: (513) 412-3963
Fax: (513) 333-6996
Email: cmayes@gaic.com

FORM FILING MEMORANDUM

GREAT AMERICAN INSURANCE GROUP

EQUIPMENT BREAKDOWN COVERAGE FORM

BM 72 11 (Ed. 12 06)

EQUIPMENT BREAKDOWN COVERAGE PART DECLARATIONS

BM 72 10 (Ed. 12 06)

The Great American Insurance Group is filing a revised (Boiler and Machinery) Equipment Breakdown Coverage Form – BM 72 11 (Ed. 12 06). This form replaces our current policy form BM 72 11 (Ed. 06 98) that was filed and approved for use in your state (our filing number GA-FBP). The form is designed to work with a flexible Declarations page. We are also filing a new Equipment Breakdown Coverage Part Declarations – BM 72 10 (Ed. 12 06) which will be used to indicate the Coverages, Limits, Deductibles and Other Conditions that apply to the Equipment Breakdown Coverage Form. This form replaces our current Declarations Page BM 72 10 (Ed. 06 98).

These new forms have been developed in conjunction with The Hartford Steam Boiler Inspection and Insurance Company. Some changes broaden coverage, some changes restrict coverage and many changes are intended not to broaden or restrict coverage but simply to explain coverage in more detail. While this makes the form somewhat longer and wordier, we believe this approach will be helpful to our policyholders.

Our analysis of the changes indicates that, overall, the revised form provides broader coverage than the existing version of the form for most policyholders. However, a given policyholder could experience a loss that would have more favorable coverage under the existing version of the form.

EQUIPMENT BREAKDOWN COVERAGE FORM

New coverages have been added to the form and some existing coverages have been broadened. Broadenings of coverage in the revised form include the following:

“Accident” Definition	This has been broadened to include item (6), bursting, cracking or splitting of the “covered equipment.”
CFC Refrigerants	This is an exposure that is limited in the existing form and is covered up to applicable policy limits in the revised form.
Computer Equipment	This is an exposure that is limited in the existing form and is covered up to applicable policy limits in the revised form.
Contingent Business Income	This is an exposure that is not covered in the existing form.
Off Premises Property Damage	This is an exposure that is not covered in the existing form.
Ordinance or Law	This is a coverage that is partially included under Demolition and Increased Cost of Construction in the existing form, but has been broadened to include loss to undamaged portions of buildings and made a separate coverage in the revised form.
Service Interruption	This is a coverage that has been broadened in the revised form to address a wider range of service providers.

Surge Losses

The revised form broadens coverage by eliminating the exclusion of various standard perils in cases where an off-premises peril causes an on-premises loss through an electrical surge.

At the same time, the following restrictions of coverage have been added to the revised form:

"Accident" Definition	This now excludes contamination by a "hazardous substance", and misalignment and miscalibration.
"Covered Property" Definition	This now excludes currency, fine arts, precious metal, contraband, land, water and growing crops. These are similar to Covered Property exclusions found in Commercial Property forms.
BI Exclusion	This now excludes an increase in loss due to a contract with a supplier or customer.
Concurrent Causation	This wording strengthens the applicability of exclusions in cases where multiple causes contribute to a loss.
Contingent Exclusions	Several of the "Basic" cause of loss perils were excluded on a contingent basis (if other coverage applied) in the existing form and, in the revised form, are now excluded whether or not other coverage applies.
New Exclusions	Exclusions for Elevator Collision, Mold, Sabotage, Sewer Backup have been added.

For more detail of the changes throughout the form, please see the side-by-side comparison.

Three endorsements that are standard additions to the existing form will not be used with the revised form. These are:

General Conditions – BM 72 12 (Ed. 06 98);
Enhanced Performance, Safety or Efficiency Upgrade – BM 72 13 (Ed. 08 98); and
Media Limitation – BM 72 14 (Ed. 06 98)

The General Conditions form contains conditions common to policy forms such as Cancellation, Changes, Examination of Books, and Inspections. Some of these conditions have been incorporated into the body of the revised Equipment Breakdown Coverage Form under Additional Conditions and others have not been included because the Equipment Breakdown Coverage Form will be used as part of a package policy and were considered either unnecessary or may be added at the policy level. The Enhanced Performance, Safety or Efficiency Upgrade and Media Limitation endorsements were broadenings of coverage to the existing form and those have been incorporated into the body of the revised form.

DEDUCTIBLES

The deductible will be indicated in the Declarations. The deductible may be combined for all Equipment Breakdown coverages, or separated for Property Damage (Direct Coverage) and Business Income/Extra Expense (Indirect Coverages) respectively.

GREAT AMERICAN SIDE BY SIDE COMPARISON

EQUIPMENT BREAKDOWN COVERAGE FORM BM 72 11 (Ed. 06 98)	EQUIPMENT BREAKDOWN COVERAGE FORM BM 72 11 (Ed. 12 06)	Comments
<p>Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties, and what is and is not covered.</p> <p>Throughout this policy, the words “you” and “your” refer to the Named Insured shown in the Declarations. The words “we,” “us” and “our” refer to the Company providing this Insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to Section G - DEFINITIONS, except for “accident” and “covered equipment,” which are defined in A.1.a. and b. below.</p>	<p>Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties, and what is and is not covered.</p> <p>Throughout this policy, the words “you” and “your” refer to the Named Insured shown in the Declarations. The words “we,” “us” and “our” refer to the Company providing this Insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to Section G - DEFINITIONS. Examples are shown for illustrative purposes only and do not represent predicted or expected outcomes.</p>	<p>No meaningful difference.</p>
<p>A. COVERAGE</p> <p>1. Covered Cause of Loss</p> <p>The insurance provided by this Coverage Part applies to the direct result of an “accident” to “covered equipment.”</p>	<p>A. COVERAGE</p> <p>This Equipment Breakdown Coverage provides insurance for a Covered Cause of Loss as defined in A.1. below. In the event of a Covered Cause of Loss, we will pay for loss as described in A.2. below.</p> <p>1. Covered Cause of Loss – “Accident”</p> <p>The Covered Cause of Loss for this Equipment Breakdown Coverage is an “accident.” Without an “accident,” there is no Equipment Breakdown Coverage.</p>	<p>No meaningful difference.</p>
<p>a. “Accident” means direct physical loss as follows:</p> <ul style="list-style-type: none"> (1) Mechanical breakdown, including rupture or bursting caused by centrifugal force; (2) Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires; (3) Explosion of steam boilers, steam piping, steam engines or steam turbines owned or leased by you, or operated under your control; 	<p>a. “Accident” means a fortuitous event that causes direct physical damage to “covered equipment.” The event must be one of the following:</p> <ul style="list-style-type: none"> (1) Mechanical breakdown, including rupture or bursting caused by centrifugal force; (2) Artificially generated electrical current, including electrical arcing, that damages electrical devices, appliances or wires; (3) Explosion, other than combustion explosion, of steam boilers, steam piping, steam engines or steam 	<p>The revised form includes the term “fortuitous,” which is implied in the earlier form but not explicitly stated.</p> <p>The revised form adds item (6). Bursting, cracking or splitting are now explicitly covered as Accidents to the equipment. These may or may not have been considered “mechanical breakdown” under the earlier form.</p>

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<p>(4) Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or</p> <p>(5) Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.</p>	<p>turbines;</p> <p>(4) An event inside steam boilers, steam pipes, steam engines or steam turbines that damages such equipment;</p> <p>(5) An event inside hot water boilers or other water heating equipment that damages such equipment; or</p> <p>(6) Bursting, cracking or splitting.</p> <p>“Accident” does not include any condition or event listed in Definition G.1.b.</p>	
<p>b. “Covered Equipment,” unless specified otherwise in the Declarations, means any property built to operate under vacuum or pressure, other than weight of contents, or used for the generation, transmission or utilization of energy. Such property must be at a location described in the Declarations and must be owned or leased by you or operated under your control, except as specifically provided for under Service Interruption coverage and the Service Interruption component of other coverages.</p>	<p>b. “Covered Equipment” means the following:</p> <p>(1) Unless specified otherwise in the Declarations:</p> <p class="margin-left: 40px;">(a) Equipment that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or</p> <p class="margin-left: 40px;">(b) Equipment which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.</p> <p>(2) Except as specifically provided for under Off Premises Property Damage, Service Interruption, Contingent Business Income and paragraph (2) of Perishable Goods, such equipment must be at a location described in the Declarations and must be owned or leased by you or operated under your control.</p> <p>“Covered equipment” does not include any property listed in Definition G.8.b.</p>	<p>No meaningful difference.</p>
<p>2. Coverages Provided</p> <p>The following coverages are provided if shown in the Declarations.</p> <p>The “accident” must occur during the Policy Period, but expiration of the policy does not limit our liability.</p>	<p>2. Coverages Provided</p> <p>This section lists the coverages that may apply in the event of an “accident.” Each coverage is subject to a specific limit as shown in the Declarations. See paragraph C.2. for details.</p> <p>These coverages apply only to the direct result of an</p>	<p>No meaningful difference.</p>

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	“accident.” For each coverage, we will pay only for that portion of the loss, damage or expense that is solely attributable to the “accident.”	
a. Property Damage We will pay for direct damage to “covered property.”	a. Property Damage We will pay for physical damage to “covered property” that is at a location indicated in the Declarations at the time of the “accident.”	No meaningful difference.
b. Business Income (1) We will pay your actual loss of “business income” that results directly from the necessary total or partial interruption of your business. (2) We will also pay any necessary expenses you incur to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage. (3) We will consider the actual experience of your business before the “accident” and the probable experience you would have had without the “accident” in determining the amount of our payment. (4) This coverage continues until the date the damaged property is repaired or replaced, plus the number of days shown in the Declarations for Extended Business Income.	c. Business Income (1) We will pay your actual loss of “business income” during the “period of restoration” that results directly from the necessary total or partial interruption of your business. (2) We will also pay any necessary expenses you incur during the “period of restoration” to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage. (3) We will consider the actual experience of your business before the “accident” and the probable experience you would have had without the “accident” in determining the amount of our payment.	The concept of Extended Business Income from item (4) in the earlier form has been incorporated into the definition of “Period of Restoration” in the revised form.
c. Extra Expense We will pay the reasonable “extra expense” to operate your business during a total or partial interruption of business.	d. Extra Expense We will pay the reasonable and necessary “extra expense” to operate your business during the “period of restoration.”	The concept of “Period of Restoration” (including the additional days of coverage for Extended Period of Restoration as noted on the Declarations) is extended in the revised form to Extra Expense coverage.
d. Service Interruption	e. Service Interruption	This coverage has been rewritten to incorporate a new

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<p>(1) Any insurance provided for Business Income and Extra Expense coverages is extended to apply to loss as qualified below.</p> <p>(2) The “covered equipment” is owned by a</p> <p style="padding-left: 40px;">(a) Utility,</p> <p style="padding-left: 40px;">(b) Landlord, or</p> <p style="padding-left: 40px;">(c) Other supplier</p> <p>with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam.</p>	<p>We will pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of an “interruption of service.”</p>	<p>defined term, “Interruption of Service.” This term is also used in paragraph 2 of Perishable Goods coverage. In the earlier form, the two sections repeated much of the same language.</p>
<p>e. Perishable Goods</p> <p>(1) We will pay for your loss of “perishable goods” due to spoilage.</p> <p>(2) We will also pay for such loss caused by an “accident” to “covered equipment” owned by a</p> <p style="padding-left: 40px;">(a) Utility,</p> <p style="padding-left: 40px;">(b) Landlord, or</p> <p style="padding-left: 40px;">(c) Other supplier</p> <p>with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam.</p> <p>(3) We will also pay for your loss of “perishable goods” due to contamination from the release of refrigerant, including but not limited to ammonia.</p> <p>(4) We will also pay any necessary expenses you incur to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under</p>	<p>g. Perishable Goods</p> <p>(1) We will pay for physical damage to “perishable goods” due to “spoilage.”</p> <p>(2) We will also pay for physical damage to “perishable goods” due to “spoilage” that is the result of an “interruption of service.”</p> <p>(3) We will also pay for physical damage to “perishable goods” due to contamination from the release of refrigerant, including but not limited to ammonia.</p> <p>(4) We will also pay any necessary expenses you incur during the “period of restoration” to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.</p>	<p>“Spoilage” is a defined term in the revised form. As noted under Service Interruption coverage above, “Interruption of Service” is also a defined term in the revised form.</p>

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this coverage.		
<p>f. Computer Equipment</p> <p>We will pay for direct damage to “computer equipment” that is damaged by an “accident” to such equipment.</p> <p>We will also pay for loss as described in Business Income and Extra Expense coverages caused by such damage, if these coverages are indicated in the Declarations.</p>		<p>Computer Equipment coverage has been omitted from the revised form. Because computers are not excluded in the form, this has the effect of increasing coverage. Losses that were subject to the Computer Equipment coverage limit in the earlier form are covered up to the applicable policy limits in the revised form.</p>
<p>g. Demolition and ICC (Increased Cost of Construction)</p> <p>If an “accident” to “covered equipment” damages a building that is “covered property”; and the loss is increased by enforcement of any ordinance or law in force at the time of the “accident” that regulates the construction or repair of buildings, or establishes zoning or land use requirements, we will pay for the following additional costs to comply with such ordinance or law:</p> <ol style="list-style-type: none"> (1) Your actual expenditures for the cost to demolish and clear the site of undamaged parts. (2) Your actual expenditures for increased costs to repair, rebuild or construct the building. If the building is repaired or rebuilt, it must be intended for similar use or occupancy as the current building, unless otherwise required by zoning or land use ordinance or law. (3) Your loss as described in Business Income and Extra Expense coverages caused by loss covered in (1) or (2) above, if these coverages are indicated in the Declarations. <p>We will not pay for:</p> <ol style="list-style-type: none"> (4) Any fine; (5) Any liability to a third party; (6) Any increase in loss due to a “hazardous substance”; or (7) Increased construction costs until the building is 	<p>i. Demolition</p> <ol style="list-style-type: none"> (1) This coverage applies if an “accident” damages a building that is “covered property” and the loss is increased by an ordinance or law that: <ol style="list-style-type: none"> (a) Requires the demolition of a building that is otherwise reparable; (b) Is in force at the time of the “accident”; and (c) Is not addressed under Hazardous Substances coverage. (2) We will pay for the following additional costs to comply with such ordinance or law: <ol style="list-style-type: none"> (a) Your actual and necessary cost to demolish and clear the site of the undamaged parts of the building; and (b) Your actual and necessary cost to reconstruct the undamaged parts of the building. (3) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no such ordinance or law been in force at the time of the “accident.” (4) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of 	<p>What is one coverage under the name Demolition and Increased Cost of Construction coverage in the earlier form has been expanded into two coverages in the revised form. Demolition coverage in the revised form is substantially the same as the comparable portion of the coverage in the earlier form. Ordinance or Law coverage in the revised form is somewhat broader than the comparable portion of the coverage in the earlier form. Ordinance or Law coverage addresses costs to bring undamaged portions of the building into compliance with building laws. This is not addressed in the earlier form.</p> <p>By splitting one coverage into two coverages, individual policyholders have more flexibility in how they can purchase limits.</p>

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actually repaired or replaced.	<p>i.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Demolition limit.</p> <p>j. Ordinance or Law</p> <p>(1) This coverage applies if an “accident” damages a building that is “covered property” and the loss is increased by an ordinance or law that:</p> <p>(a) Regulates the construction or repair of buildings, including “building utilities”;</p> <p>(b) Is in force at the time of the “accident”;</p> <p>and</p> <p>(c) Is not addressed under Demolition coverage or Hazardous Substances coverage.</p> <p>(2) We will pay for the following additional costs to comply with such ordinance or law:</p> <p>(a) Your actual and necessary cost to repair the damaged portions of the building;</p> <p>(b) Your actual and necessary cost to reconstruct the damaged portions of the building; and</p> <p>(c) Your actual and necessary cost to bring undamaged portions of the building into compliance with the ordinance or law.</p> <p>(3) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no such ordinance or law been in force at the time of the “accident.”</p> <p>(4) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of j.(1) above, if such coverage is otherwise applicable under this policy. This coverage is</p>	

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	included within and subject to your Ordinance or Law limit.	
<p>h. Expediting Expenses</p> <p>With respect to your damaged “covered property,” we will pay the reasonable extra cost to:</p> <p>(1) Make temporary repairs; and</p> <p>(2) Expedite permanent repairs or permanent replacement.</p>	<p>k. Expediting Expenses</p> <p>With respect to your damaged “covered property,” we will pay the reasonable extra cost to:</p> <p>(1) Make temporary repairs; and</p> <p>(2) Expedite permanent repairs or permanent replacement.</p>	No meaningful difference.
<p>i. Hazardous Substances</p> <p>We will pay for the additional cost to repair or replace “covered property” because of contamination by a “hazardous substance.” This includes the additional expenses to clean up or dispose of such property.</p> <p>Additional costs mean those beyond what would have been required had no “hazardous substance” been involved.</p> <p>We will also pay for additional loss as described in Business Income, Extra Expense and Perishable Goods coverages caused by such contamination, if these coverages are indicated in the Declarations.</p>	<p>l. Hazardous Substances</p> <p>(1) We will pay for the additional cost to repair or replace “covered property” because of contamination by a “hazardous substance.” This includes the additional expenses to clean up or dispose of such property. This does not include contamination of “perishable goods” by refrigerant, including but not limited to ammonia, which is addressed in Perishable Goods, A.2.g.(3).</p> <p>(2) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no “hazardous substance” been involved.</p> <p>(3) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of l.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Hazardous Substances limit.</p>	The only meaningful change in this coverage is that associated Perishable Goods loss, which was included under the Hazardous Substances limit in the earlier form, is not included under the Hazardous Substances limit in the revised form. Such loss under the revised form would be subject to the Perishable Goods limit.
<p>j. CFC Refrigerants</p> <p>We will pay for the additional cost to repair or replace “covered property” because of the use or presence of a</p>	<p><i>(E. LOSS CONDITIONS, 10. Valuation, h.)</i></p> <p>h. Air conditioning or refrigeration equipment that utilizes a refrigerant containing CFC (chlorofluorocarbon)</p>	This coverage has been moved to the Valuation section of the revised form. In the earlier form, the coverage

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<p>refrigerant containing CFC (chlorinated fluorocarbon) substances. This means the additional expense to do the least expensive of the following:</p> <ul style="list-style-type: none">(1) Repair the damaged property and replace any lost CFC refrigerant;(2) Repair the damaged property, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or(3) Replace the system with one using a non-CFC refrigerant. <p>Additional costs mean those beyond what would have been required had no CFC refrigerant been involved. We will also pay for additional loss as described in Business Income, Extra Expense and Perishable Goods coverages caused by such loss, if these coverages are indicated in the Declarations.</p>	<p>substances will be valued at the cost to do the least expensive of the following:</p> <ul style="list-style-type: none">(1) Repair or replace the damaged property and replace any lost CFC refrigerant;(2) Repair the damaged property, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or(3) Replace the system with one using a non-CFC refrigerant. <p>In determining the least expensive option, we will include any associated Business Income or Extra Expense loss. If option (2) or (3) is more expensive than (1), but you wish to retrofit or replace anyway, we will consider this better for the environment and therefore eligible for valuation under paragraph d., Environmental, Safety and Efficiency Improvements. In such case, E.10.d.(1) is amended to read: “We will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality.”</p>	<p>was subject to a limit indicated in the Declarations. In the revised form, no separate limit applies to this exposure, which is why it has been moved to the Valuation section.</p> <p>One other change to this coverage is that in the revised form coverage is extended to include Environmental, Safety and Efficiency Improvements valuation, which provides up to an additional 25% coverage under certain circumstances. This coverage was included in the ENHANCED PERFORMANCE, SAFETY OR EFFICIENCY UPGRADE amendatory endorsement that was filed for use with the earlier form (<i>see E. LOSS CONDITIONS, 10. Valuation, d.</i>).</p>
<p>k. Newly Acquired Locations</p> <p>All coverages provided by this Coverage Part are extended to a newly acquired location that you have purchased or leased. This automatic coverage begins at the time you acquire the property and is subject to the following conditions:</p> <ul style="list-style-type: none">(1) You agree to pay an additional premium as determined by us. Such additional premium will be computed from the date of acquisition.(2) You report the location to us no later than the number of days specified in the Declarations for this coverage after the date you acquire the location.(3) Insurance under this coverage for each newly acquired location will end when any of the	<p>m. Newly Acquired Locations</p> <ul style="list-style-type: none">(1) You will notify us promptly of any newly acquired location that you have purchased or leased during the Policy Period.(2) All coverages applicable to any scheduled location under this Equipment Breakdown Coverage are extended to a newly acquired location that you have purchased or leased during the Policy Period.(3) This coverage begins at the time you acquire the property. As respects newly constructed properties, we will only consider them to be acquired by you when you have fully accepted the completed project.(4) This coverage ends when any of the following	<p>No meaningful difference.</p>

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<p>following first occurs:</p> <ul style="list-style-type: none">(a) This Policy expires;(b) The number of days specified in the Declarations for this coverage expire after you acquire the location; or(c) The location is more specifically insured. <p>(4) If limits or deductibles vary by location, the highest limits and deductibles will apply.</p>	<p>first occurs:</p> <ul style="list-style-type: none">(a) This Policy expires;(b) The number of days specified in the Declarations for this coverage expires after you acquire the location;(c) The location is incorporated into the regular coverage of this policy; or(d) The location is incorporated into the regular coverage of another Equipment Breakdown policy you have. <p>(5) If limits or deductibles vary by location, the highest limits and deductibles will apply to newly acquired locations. However, the most we will pay for loss, damage or expense arising from any “one accident” is the amount shown as the Newly Acquired Locations limit in the Declarations.</p> <p>(6) We will charge you additional premium for newly acquired locations from the date you acquire the property.</p>	
<p>I. Defense</p> <p>This coverage is automatically included and does not need to be indicated in the Declarations.</p> <ul style="list-style-type: none">(1) If a claim or “suit” is brought against you alleging that you are liable for damage to property of another in your care, custody or control, that was directly caused by an “accident” to “covered equipment,” we will either:<ul style="list-style-type: none">(a) Settle the claim or “suit,” or(b) Defend you against the claim or “suit” but keep for ourselves the right to settle it at any point.(2) We will pay, with respect to any claim or “suit” we defend:	<p><i>(E. LOSS CONDITIONS 5.)</i></p> <p>5. Defense</p> <p>We have the right, but are not obligated, to defend you against suits arising from claims of owners of property in your care, custody or control. When we do this, it will be at our expense.</p>	<p>Defense coverage has been omitted from the revised form and a Defense condition has been added.</p> <p>Equipment Breakdown coverage is a first party insurance policy. Most first party forms (including the current I.S.O. Equipment Breakdown coverage form) include a non-obligatory Defense condition similar to the one included in the revised form rather than an obligatory Defense coverage as found in the earlier form.</p>

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<p>(a) All expenses we incur;</p> <p>(b) The cost of bonds to release attachments. We do not have to furnish these bonds;</p> <p>(c) All reasonable expenses incurred by you at our request to assist us in the investigation or defense of the claim or “suit,” including actual loss of earnings up to \$250 a day because of time off from work;</p> <p>(d) All costs taxed against you in any “suit” we defend;</p> <p>(e) Prejudgment interest awarded against you on that part of the judgment we pay. If we make an offer to pay the applicable limits, we will not pay any prejudgment interest based on that period of time after the offer; and</p> <p>(f) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limits.</p>		
	<p>b. Off Premises Property Damage</p> <p>If you have transportable “covered equipment” that, at the time of the “accident,” is within the Coverage Territory, but is not:</p> <p>(1) At a location indicated in the Declarations; or</p> <p>(2) At any other location owned or leased by you, we will pay for physical damage to such “covered equipment.”</p>	<p>This is a new coverage that has been added to the revised form.</p>
	<p>f. Contingent Business Income</p>	<p>This is a new coverage that has been added to the</p>

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	We will pay for your loss and expense as defined under Business Income and Extra Expense coverages that results from an “interruption of supply.”	revised form.
<p><i>[MEDIA LIMITATION BM 72 14 (Ed. 06/98) XS Endorsement]</i></p> <p>If "media" is damaged as a result of an "accident" to "covered equipment", we will pay for your cost to research, replace and restore, all forms of electronic and magnetic tapes and discs and converted data and costs to reprogram instructions for use in any covered electronic computer or electronic data processing equipment up to the amount shown on the Declarations.</p>	<p>h. Data Restoration</p> <p>(1) We will pay for your reasonable and necessary cost to research, replace or restore lost “data.”</p> <p>(2) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of h.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Data Restoration limit.</p>	<p>This coverage was included in the MEDIA LIMITATION amendatory endorsement that was filed for use with the earlier form. In the revised form, the coverage has been incorporated into the form and expanded to include associated Business Income and Extra Expense loss.</p>
	<p>n. Course of Construction</p> <p>This coverage is automatically included and does not need to be indicated in the Declarations.</p> <p>(1) You will notify us promptly of any expansion or rehabilitation of any location described in the Declarations.</p> <p>(2) All coverages applicable to any location described in the Declarations are extended to an expansion or rehabilitation of that location.</p> <p>(3) This coverage begins at the time you begin the expansion or rehabilitation project.</p> <p>(4) We will charge you additional premium for newly acquired equipment from the date the equipment is installed.</p>	<p>This coverage was implied in the earlier form but has been made explicit in the revised form.</p>
<p>B. EXCLUSIONS</p> <p>1. We will not pay for loss or damage caused by or resulting from:</p>	<p>B. EXCLUSIONS</p> <p>We will not pay for any excluded loss, damage or expense, even though any other cause or event contributes concurrently or in any sequence to the loss, damage or expense.</p>	<p>The applicability of the exclusions has been widened in the revised form through the addition of ‘concurrent causation’ language.</p>

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	1. We will not pay for loss, damage or expense caused directly or indirectly by any of the following, whether or not caused by or resulting from an “accident.”	
a. Depletion, deterioration, corrosion, erosion, wear and tear, or other gradually developing conditions. But if loss or damage from an “accident” results, we will pay for that resulting loss or damage.	(G. DEFINITIONS, 1.b.) b. None of the following is an “accident,” however caused and without regard to whether such condition or event is normal and expected or unusual and unexpected: (1) Depletion, deterioration, rust, corrosion, erosion, settling or wear and tear; (2) Any gradually developing condition;	In the earlier form, depletion, deterioration, etc. were treated as policy-level exclusions. In the revised form, they are addressed in the definition of “Accident.” The effect is similar.
b. The enforcement of any ordinance, law, regulation, rule or ruling regulating or restricting repair, replacement, alteration, use, operation, construction or installation, except as provided under the following coverages: Demolition and ICC, Hazardous Substances or CFC Refrigerants.	b. Ordinance or Law The enforcement of, or change in, any ordinance, law, regulation, rule or ruling regulating or restricting repair, replacement, alteration, use, operation, construction or installation, except as specifically provided in A.2.i., j. and l. (Demolition, Ordinance or Law and Hazardous Substances coverages).	No meaningful difference.
c. Any earth movement, including but not limited to earthquake, subsidence, sinkhole collapse, landslide, mudslide, earth sinking, tsunami or volcanic action.	c. Earth Movement Earth movement, whether natural or human-made, including but not limited to earthquake, shock, tremor, subsidence, landslide, rock fall, earth sinking, sinkhole collapse or tsunami.	No meaningful difference.
d. Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not. However, if electrical “covered equipment” requires drying out because of the above, we will pay for the direct expenses of such drying out, subject to the applicable Property Damage limit and Direct Coverage deductible.	f. Water (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not; (2) Mudslide or mudflow; or (3) Water that backs up or overflows from a sewer, drain or sump. However, if electrical “covered equipment” requires drying out because of the above, we will pay for the	In the earlier form, Mudslide was listed under the Earth Movement exclusion. In the revised form, it is listed under the Water exclusion. Sewer back-up was not excluded in the earlier form, but is excluded in the revised form.

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	<p>amount you actually expend to dry out such equipment, subject to the applicable Property Damage limit and Direct Coverage deductible. We will not pay more than the Actual Cash Value of the affected electrical “covered equipment.” We will not pay to replace such equipment or for any other loss, damage or expense.</p>	
<p>e. Windstorm or hail. However, we will pay if:</p> <ul style="list-style-type: none"> (1) “Covered equipment” located within a building or structure suffers an “accident” that results from rain, snow, sand or dust; and (2) The building or structure did not first sustain wind or hail damage to its roof or walls through which the rain, snow, sand or dust entered. 	<p>(B. EXCLUSIONS 2.b.)</p> <p>b. Windstorm or Hail. However, this exclusion does not apply when:</p> <ul style="list-style-type: none"> (1) “Covered equipment” located within a building or structure suffers an “accident” that results from wind-blown rain, snow, sand or dust; and (2) The building or structure did not first sustain wind or hail damage to its roof or walls through which the rain, snow, sand or dust entered. 	<p>No meaningful difference.</p>
<p>f. Nuclear reaction or radiation, or radioactive contamination, however caused.</p>	<p>d. Nuclear Hazard Nuclear reaction, detonation or radiation, or radioactive contamination, however caused.</p>	<p>The revised form includes the word “detonation.” Nuclear detonation is a type of nuclear reaction and would therefore be excluded by the wording in the earlier form. The revised form is more explicit but does not represent a coverage difference.</p>
<p>g. War, including undeclared or civil war; Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.</p>	<p>e. War and Military Action</p> <ul style="list-style-type: none"> (1) War, including undeclared or civil war; (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or (3) Insurrection, rebellion, revolution, usurped power, political violence or action taken by governmental authority in hindering or defending against any of these. 	<p>No meaningful difference.</p>

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h. Fire or combustion explosion, whether or not caused by or resulting from an “accident.”	<p>(B. EXCLUSIONS 1.a.)</p> <p>a. Fire and Explosion</p> <p>(1) Fire, including smoke from a fire.</p> <p>(2) Combustion explosion. This includes, but is not limited to, a combustion explosion of any steam boiler or other fired vessel.</p> <p>(3) Any other explosion, except as specifically provided in A.1.a.(3).</p>	<p>Explosion (other than combustion explosion) was excluded in the earlier form in B.1.k.(1). This exclusion only applied if there was other coverage applicable.</p> <p>In the revised form, these Explosion losses are excluded whether or not other coverage applies.</p>
<p>i. Any of the following tests:</p> <p>(1) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or</p> <p>(2) An insulation breakdown test of any type of electrical equipment.</p>	<p>(B. EXCLUSIONS 2.g. and h.)</p> <p>g. An electrical insulation breakdown test.</p> <p>h. A hydrostatic, pneumatic or gas pressure test.</p>	No meaningful difference.
j. Water or other means used to extinguish a fire, even when such an attempt is unsuccessful.	i. Water or other means intended to extinguish a fire, even when such an attempt is unsuccessful.	No meaningful difference.
<p>k. Any of the following causes of loss, if coverage for that cause of loss is provided by another coverage part or policy of insurance you have, whether collectible or not:</p> <p>(1) Lightning, Explosion (except for steam or centrifugal explosion); Smoke, Aircraft or Vehicles, Riot or Civil Commotion, Vandalism or Sprinkler Leakage;</p> <p>(2) Breakage of Glass, Falling Objects, Weight of Snow, Ice or Sleet or Water Damage (including Water Damage that is the result of an “accident”); or</p> <p>(3) Freezing (caused by cold weather), Collapse or Molten Material.</p>	<p>2. We will not pay for an “accident” caused by or resulting from any of the following causes of loss:</p> <p>a. Lightning.</p> <p><i>(b. is above; windstorm or hail)</i></p> <p>c. Collision or any physical contact caused by a “vehicle.” This includes damage by objects falling from aircraft. However, this exclusion does not apply to any unlicensed “vehicles” which you own or which are operated in the course of your business.</p> <p>d. Riot or Civil Commotion.</p> <p>e. Leakage or discharge of any substance from an automatic sprinkler system, including collapse of a tank that is part of the system.</p> <p>f. Volcanic Action.</p>	<p>Several perils that were excluded in the earlier form only if coverage was provided in another policy are excluded in the revised form whether or not coverage is provided in another policy.</p> <p>These perils are Lightning, Explosion, Smoke, Aircraft or Vehicles, Riot or Civil Commotion, Vandalism and Sprinkler Leakage.</p> <p>All of these perils are covered under the most limited form of Commercial Property coverage, the Basic Cause of Loss form.</p> <p>The revised form also includes an exclusion for Elevator Collision, which is a standard Commercial</p>

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	<p><i>(g., h., and i. are above)</i></p> <p>j. Elevator collision.</p> <p>3. We will not pay for an “accident” caused by or resulting from any of the following perils, if such peril is a covered cause of loss under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this policy.</p> <ul style="list-style-type: none"> a. Falling Objects. b. Weight of Snow, Ice or Sleet. c. Water Damage, meaning discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance containing water or steam. d. Collapse. e. Breakage of Glass. f. Freezing caused by cold weather. g. Discharge of molten material from equipment, including the heat from such discharged material. 	Property coverage.
	<p>4. Exclusions 2. and 3. do not apply if all of the following are true:</p> <ul style="list-style-type: none"> a. The excluded peril occurs away from any location described in the Declarations and causes an electrical surge or other electrical disturbance; b. Such surge or disturbance is transmitted through utility service transmission lines to a described location; c. At the described location, the surge or disturbance results in an “accident” to “covered equipment” that is owned or operated under the control of you or your landlord; and <p>The loss, damage or expense caused by such surge or disturbance is not a covered cause of loss under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance</p>	Exclusion 4 in the revised form is actually a coverage grant, exempting certain power surge losses from exclusions listed earlier. This is an expansion of coverage compared with the earlier form.

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	provides the same coverage or scope of coverage as this policy.	
	<p><i>(B. EXCLUSIONS 1. h., i. and j.)</i></p> <p>h. Fines Fine, penalty or punitive damage.</p> <p>i. Mold Mold, fungus, mildew or yeast, including any spores or toxins created or produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean-up, remediation, containment, removal or abatement of such mold, fungus, mildew, yeast, spores or toxins. However, this exclusion does not apply to “spoilage” of personal property that is “perishable goods” to the extent that such “spoilage” is covered under Perishable Goods coverage.</p> <p>j. Deliberate Acts The deliberate act of any person to cause damage or harm, including but not limited to vandalism, malicious mischief or sabotage.</p>	<p>The revised form includes a Fines exclusion. Fines were not intended to be covered, but were not explicitly excluded in the earlier form.</p> <p>The revised form includes a Mold exclusion, although mold loss to perishable goods continues to be covered. Mold losses were not intended to be covered, but were not explicitly excluded in the earlier form.</p> <p>The revised form includes a Deliberate Acts exclusion, which is potentially broader in applicability than the Vandalism exclusion included in the earlier form.</p>
<p>2. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for:</p> <p>a. Loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business at the described location;</p> <p>b. That part of any loss that is due solely to the suspension, lapse or cancellation of a contract following an “accident” extending beyond the time Business Income is applicable; or</p> <p>c. Delay in resuming operations due to the need to reconstruct or reinput data or programs on “media.”</p>	<p>5. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for:</p> <p>a. Loss associated with business that would not or could not have been carried on if the “accident” had not occurred;</p> <p>b. Loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business;</p> <p>c. That part of any loss that extends beyond or occurs after the “period of restoration.” This includes, but is not limited to:</p> <p>(1) “Business income” that would have been earned after the “period of restoration,” even if such loss is the direct result of the suspension, lapse or cancellation of a contract during the “period of restoration”; and</p>	<p>Sections a. and b. in the earlier form are equivalent to sections b. and c. in the revised form.</p> <p>Section c. in the earlier form is not applicable in the revised form, given the addition of Data Reconstruction coverage.</p> <p>Section a. in the revised form was not intended to be covered in the earlier form, but was not explicitly excluded.</p> <p>Section d. in the revised form is a new exclusion.</p>

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	<p>(2) “Extra expense” to operate your business after the “period of restoration,” even if such loss is contracted for and paid during the “period of restoration.”</p> <p>d. Any increase in loss resulting from an agreement between you and your customer or supplier. This includes, but is not limited to, contingent bonuses or penalties, late fees, demand charges, demurrage charges and liquidated damages.</p>	
<p>3. With respect to Service Interruption coverage and paragraph (2) of Perishable Goods coverage, we will also not pay for loss caused by or resulting from any of the causes of loss named in Exclusion 1.k. above, whether or not coverage for such cause of loss is provided by another coverage part or policy of insurance you have.</p>	<p>(B. EXCLUSIONS 6.)</p> <p>6. With respect to Off Premises Property Damage coverage, Service Interruption coverage, Contingent Business Income coverage and paragraph (2) of Perishable Goods coverage, we will also not pay for an “accident” caused by or resulting from any of the perils listed in Exclusion 3. above, whether or not such peril is a covered cause of loss under another coverage part or policy of insurance you have.</p>	<p>No meaningful difference.</p>
<p>4. With respect to Perishable Goods coverage, we will also not pay for loss or damage as a result of your failure to use all reasonable means to protect the perishable goods from damage following an “accident.”</p>	<p>(B. EXCLUSIONS 1.g.)</p> <p>g. Failure to Protect Property Your failure to use all reasonable means to protect “covered property” from damage following an “accident.”</p>	<p>This exclusion, which only applied to Perishable Goods coverage in the earlier form, has been expanded to a policy-wide exclusion in the revised form.</p>
<p>5. With respect to Computer Equipment coverage, we will also not pay for loss or damage caused by or resulting from any defect, virus, loss of data or other situation within “media.” But if loss or damage from an “accident” results, we will pay for that resulting loss or damage.</p>	<p>(G. DEFINITIONS 1.b.(3))</p> <p>(3) Any defect, programming error, programming limitation, computer virus, malicious code, loss of “data,” loss of access, loss of use, loss of functionality or other condition within or involving “data” or “media” of any kind;</p>	<p>This exclusion, which only applied to Computer Equipment coverage in the earlier form, has been expanded to a policy-wide exclusion in the revised form.. (The revised form does not name or limit Computer Equipment coverage.)</p>
<p>6. None of the following is “covered equipment”: a. Structure, foundation, cabinet, compartment, or air</p>	<p>(G. DEFINITIONS 8.b.)</p> <p>b. None of the following is “covered equipment”:</p>	<p>This section was in the Exclusions in the earlier form and has been incorporated into the Definitions section</p>

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<p>supported structure or building;</p> <p>b. Insulating or refractory material;</p> <p>c. Sewer piping, underground vessels or piping, any piping forming a part of a sprinkler system or water piping other than:</p> <p>(1) Boiler feed water piping;</p> <p>(2) Boiler condensate return piping; or</p> <p>(3) Water piping forming a part of refrigerating or air conditioning system;</p> <p>d. Vehicle, aircraft, floating vessel or any equipment mounted on such vehicle, aircraft or floating vessel;</p> <p>e. Dragline, excavation or construction equipment; or</p> <p>f. Equipment manufactured by you for sale.</p>	<p>(1) Structure, including but not limited to the structural portions of buildings and towers, scaffolding, and any air supported enclosure;</p> <p>(2) Foundation;</p> <p>(3) Cabinet, compartment, conduit or ductwork;</p> <p>(4) Insulating or refractory material;</p> <p>(5) “Buried vessels or piping”;</p> <p>(6) Waste, drainage or sewer piping;</p> <p>(7) Piping, valves or fittings forming a part of a sprinkler or fire suppression system;</p> <p>(8) Water piping that is not part of a closed loop used to conduct heat or cooling from a boiler or a refrigeration or air conditioning system;</p> <p>(9) “Vehicle” or any equipment mounted on a “vehicle”;</p> <p>(10) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;</p> <p>(11) Dragline, excavation or construction equipment;</p> <p>(12) Equipment manufactured by you for sale; or</p> <p>(13) “Data.”</p>	<p>in the revised form.</p> <p>Most of the changes are editorial, but items (10) and (13) in the revised form do represent changes from the earlier form. Item (10) excludes spacecraft from the definition of “Covered Equipment” and item (13) excludes computer data from the same definition. There was no intent to cover these items under the earlier form, but they were not explicitly excluded.</p>
<p>7. “Covered property” does not include live animals.</p>	<p>(G. DEFINITIONS 9.b.)</p> <p>b. None of the following is “covered property”:</p> <p>(1) Accounts, bills, currency, deeds or other evidences of debt, money, notes or securities;</p> <p>(2) Fine arts, jewelry, furs or precious stones;</p> <p>(3) Precious metal, unless forming a part of “covered equipment”;</p> <p>(4) Animals;</p> <p>(5) Contraband, or property in the course of illegal transportation or trade;</p> <p>(6) Land (including land on which the property is located), water, trees, growing crops or lawns;</p>	<p>This section was in the Exclusions in the earlier form and has been incorporated into the Definitions section in the revised form.</p> <p>Items 1-3 and 5-7 in the revised form are new exclusions to the definition of “Covered Property.”</p> <p>These are similar to Covered Property exclusions found in standard Commercial Property coverage forms.</p>

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	or (7) Shrubs or plants, unless held indoors for retail sale.	
	(B. EXCLUSIONS 7.) 7. With respect to Data Restoration coverage, we will also not pay to reproduce: a. Software programs or operating systems that are not commercially available; or b. “Data” that is obsolete, unnecessary or useless to you.	Data Restoration coverage was not included in the earlier form.
	(B. EXCLUSIONS 8.) 8. With respect to Demolition and Ordinance or Law coverages, we will also not pay for: a. Increased demolition or reconstruction costs until they are actually incurred; or b. Loss due to any ordinance or law that: (1) You were required to comply with before the loss, even if the building was undamaged; and (2) You failed to comply with; whether or not you were aware of such non-compliance.	Item a in the revised form is comparable to language used in A.2.g.(7) in the earlier form. Item b. in the revised form is a new exclusion. Similar language is used with the comparable coverages in standard Commercial Property coverage forms.
C. LIMITS OF INSURANCE Any payment made under this Coverage Part will not be increased if more than one insured is shown in the Declarations. If two or more limits apply to the same portion of a loss, we will only pay the smaller limit for that portion of the loss.	C. LIMITS OF INSURANCE Any payment made under this Equipment Breakdown Coverage will not be increased if more than one insured is shown in the Declarations or if you are comprised of more than one legal entity. (C. LIMITS OF INSURANCE, 2.b.) b. If two or more coverage limits apply to the same loss or portion of a loss, we will pay only the smallest of the applicable limits for that loss or portion of the loss. This means that if: (1) You have a loss under one of the coverages listed in A.2.; and	No meaningful difference.

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	(2) All or part of the loss is not covered because the applicable coverage is Excluded or has a limit that is less than the amount of your loss, we will not pay the remaining amount of such loss under any other coverage.	
1. Equipment Breakdown Limit The most we will pay for loss or damage arising from any “one accident” is the amount shown as the Equipment Breakdown Limit in the Declarations. This total limit applies to all coverages under this Coverage Part except Defense. The costs we incur under the Defense coverage shall not reduce the available Equipment Breakdown Limit.	1. Equipment Breakdown Limit The most we will pay for loss, damage or expense arising from any “one accident” is the amount shown as the Equipment Breakdown Limit in the Declarations.	The revised form makes no reference here to Defense coverage, because Defense is no longer a listed coverage in the revised form.
2. Coverage Limits The limit of your insurance under each of the coverages from loss or damage arising from any “one accident” is the amount shown in the Declarations for that coverage. These limits are a part of, and not in addition to, the Equipment Breakdown Limit. If an amount of time is shown, coverage will continue for no more than that amount of time immediately following the “accident.”	2. Coverage Limits a. The limit of your insurance under each of the coverages listed in A.2. from loss, damage or expense arising from any “one accident” is the amount indicated for that coverage in the Declarations. These limits are a part of, and not in addition to, the Equipment Breakdown Limit. If an amount of time is shown, coverage will continue for no more than that amount of time immediately following the “accident.” If a coverage is shown as “Included,” that coverage is provided up to the remaining amount of the Equipment Breakdown Limit. If no limit is shown in the Declarations for a coverage, or if a coverage is shown as Excluded in the Declarations, that coverage will be considered to have a limit of \$0.	No meaningful difference.
EXAMPLE 1 (Coverages that Do Not Overlap) If there is “one accident” that results in loss under Property Damage and Business Income coverages, the limits for those coverages will both be available, up to a combined amount not to exceed the Equipment Breakdown Limit.	EXAMPLE 1 Property Damage Limit: \$7,000,000 Business Income Limit: \$1,000,000 Newly Acquired Locations Limit: \$500,000 There is an “accident” at a newly acquired location that results	No meaningful difference.

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EXAMPLE 2 (Coverages that Overlap) If there is “one accident” that results in loss under Property Damage coverage and that is covered because of Newly Acquired Locations coverage, the overlapping portion of the loss, which in this case is the entire loss amount, will be subject to the smaller limit.	in a Property Damage loss of \$200,000 and a Business Income loss of \$800,000. We will pay \$500,000, because the entire loss is subject to the Newly Acquired Locations Limit of \$500,000. EXAMPLE 2 Property Damage Limit: \$7,000,000 Business Income Limit: \$500,000 Hazardous Substances Limit: \$25,000 There is an “accident” that results in a loss of \$100,000. If no “hazardous substance” had been involved, the property damage loss would have been \$10,000 and the business income loss would have been \$20,000. The presence of the “hazardous substance” increased the loss by \$70,000 (increasing the clean up and repair costs by \$30,000 and increasing the business income loss by \$40,000). We will pay \$55,000 (\$10,000 property damage plus \$20,000 business income plus \$25,000 hazardous substances).	
D. DEDUCTIBLE If deductibles vary by type of “covered equipment” and more than one type of “covered equipment” is involved in any “one accident,” the highest deductibles will apply.	D. DEDUCTIBLES 1. Deductibles for Each Coverage a. Unless the Declarations indicate that your deductible is combined for all coverages, multiple deductibles may apply to any “one accident.” b. We will not pay for loss, damage or expense under any coverage until the amount of the covered loss or damage exceeds the deductible amount indicated for that coverage in the Declarations. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit indicated in the Declarations. c. If deductibles vary by type of “covered equipment” and more than one type of “covered equipment” is involved in any “one accident,” only the highest deductible for each coverage will apply. d. The following applies when a deductible is expressed	Item c. in the revised form is equivalent to the language in the earlier form. Items a., b. and d. are new, but do not represent a change in coverage.

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	as a function of the horsepower rating of a refrigerating or air conditioning system. If more than one compressor is used with a single system, the horsepower rating of the largest motor or compressor will determine the horsepower rating of the system.	
1. Direct and Indirect Coverages Unless otherwise shown in the Declarations, the Direct Coverages Deductibles apply to all loss or damage covered by this Coverage Part, with the exception of those coverages subject to the Indirect Coverages Deductibles as noted below. Unless more specifically indicated in the Declarations, the Indirect Coverages Deductibles apply to Business Income, Extra Expense, Service Interruption, and the extensions of those Coverages included in other Coverages. Defense Coverage is not subject to a deductible.	2. Direct and Indirect Coverages a. Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the Declarations. b. Unless more specifically indicated in the Declarations: (1) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss, regardless of where such coverage is provided in this Equipment Breakdown Coverage; and (2) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this Equipment Breakdown Coverage. EXAMPLE An “accident” results in covered losses as follows: \$100,000 Total Loss (all applicable coverages) \$ 35,000 Business Income Loss (including \$2,000 of business income loss payable under Data Restoration coverage) \$ 5,000 Extra Expense Loss In this case, the Indirect coverages loss totals \$40,000 before application of the Indirect Coverage Deductible. The Direct coverages loss totals the remaining \$60,000 before application of the Direct Coverage Deductible.	The reference to Defense coverage in the earlier form is omitted in the revised form, which does not include Defense as a coverage. Other changes, including the addition of an example, are editorial and do not change coverage.
2. Application of Deductibles a. Dollar Deductibles We will not pay for loss or damage resulting from any	3. Application of Deductibles a. Dollar Deductibles We will not pay for loss, damage or expense resulting	No meaningful difference.

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<p>“one accident” until the amount of loss or damage exceeds the applicable deductible or deductibles shown in the Declarations. We will then pay the amount of loss or damage in excess of the applicable deductible or deductibles, subject to the applicable limits shown in the Declarations.</p>	<p>from any “one accident” until the amount of loss, damage or expense exceeds the applicable deductible or deductibles shown in the Declarations. We will then pay the amount of loss, damage or expense in excess of the applicable deductible or deductibles, subject to the applicable limits shown in the Declarations.</p>	
<p>b. Time Deductibles</p> <p>If a time deductible is shown in the Declarations, we will not be liable for any loss occurring during the specified number of hours or days immediately following the “accident.” If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.</p>	<p>b. Time Deductibles</p> <p>If a time deductible is shown in the Declarations, we will not be liable for any loss occurring during the specified number of hours or days immediately following the “accident.” If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.</p>	<p>No meaningful difference.</p>
<p>c. Multiple of Average Daily Value (ADV) Deductibles</p> <p>If a deductible is expressed as a number times ADV, that amount will be calculated as follows:</p> <p>The ADV (Average Daily Value) will be the “business income” that would have been earned had no “accident” occurred during the period of interruption of business divided by the number of working days in that period. No reduction shall be made for the “business income” not being earned, or in the number of working days, because of the “accident” or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to all locations included in the valuation of the loss.</p> <p>The number indicated in the Declarations will be multiplied by the ADV as determined above. The result will be used as the applicable deductible.</p> <p>EXAMPLE</p> <p>Business is interrupted, partially or completely, for 10 days. If there had been no “accident,” the total “business income” for those 10 days would have been \$5,000. The Indirect</p>	<p>c. Multiple of Average Daily Value (ADV) Deductibles</p> <p>If a deductible is expressed as a number times ADV, that amount will be calculated as follows:</p> <p>The ADV (Average Daily Value) will be the “business income” that would have been earned during the period of interruption had no “accident” occurred, divided by the number of working days in that period. The ADV applies to the “business income” value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the “period of restoration.”</p> <p>The number indicated in the Declarations will be multiplied by the ADV as determined above. The result will be used as the applicable deductible.</p> <p>EXAMPLE</p> <p>Business is interrupted, partially or completely, for 10</p>	<p>No meaningful difference.</p>

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<p>Coverages Deductible is 3 Times ADV. \$5,000 / 10 = \$500 ADV 3 X \$500 = \$1,500 Indirect Coverages Deductible</p>	<p>working days. If there had been no “accident,” the total “business income” at the affected location for those 10 working days would have been \$5,000. The Indirect Coverages Deductible is 3 Times ADV. \$5,000 / 10 = \$500 ADV 3 X \$500 = \$1,500 Indirect Coverages Deductible</p>	
<p>d. Percentage of Loss Deductibles</p> <p>If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss or damage (prior to any applicable deductible or coinsurance) insured under the applicable coverage extension. If the dollar amount of such percentage is less than the indicated Minimum Deductible, the Minimum Deductible will be the applicable deductible.</p>	<p>d. Percentage of Loss Deductibles</p> <p>If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated Minimum Deductible, the Minimum Deductible will be the applicable deductible.</p>	<p>No meaningful difference.</p>
<p>E. LOSS CONDITIONS</p> <p>The following conditions apply in addition to the Common Policy Conditions:</p> <p>1. Abandonment</p> <p>There can be no abandonment of any property to us.</p>	<p>E. LOSS CONDITIONS</p> <p>The following conditions apply in addition to the Common Policy Conditions:</p> <p>1. Abandonment</p> <p>There can be no abandonment of any property to us.</p>	<p>No meaningful difference. No meaningful difference.</p>
<p>2. Appraisal</p> <p>If we admit liability for a loss and we and you disagree on the value of the property or “business income”, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property or “business income.” If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:</p>		<p>This condition has been omitted from the revised form.</p>

EQUIPMENT BREAKDOWN COVERAGE FORM BM 72 11 (Ed. 06 98)	EQUIPMENT BREAKDOWN COVERAGE FORM BM 72 11 (Ed. 12 06)	Comments
<ul style="list-style-type: none">a. Pay its chosen appraiser; andb. Bear the other expenses of the appraisal and umpire equally.		
<p>3. Brands and Labels</p> <p>If branded or labeled merchandise that is “covered property” is damaged by an “accident” to “covered equipment”, but retains a salvage value, you may, at your expense:</p> <ul style="list-style-type: none">a. Stamp the word SALVAGE on the merchandise or its containers if the stamp will not physically damage the merchandise; orb. Remove the brands or labels, if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with the law. <p>We will pay for any reduction in value of the salvage merchandise resulting from either of these two actions.</p> <p>If a Brands and Labels Limit is shown on the Declarations, we will not pay more than the indicated amount for coverage under this Condition.</p>	<p>2. Brands and Labels</p> <p>If branded or labeled merchandise that is “covered property” is damaged by an “accident,” but retains a salvage value, you may, at your expense:</p> <ul style="list-style-type: none">a. Stamp the word SALVAGE on the merchandise or its containers if the stamp will not physically damage the merchandise; orb. Remove the brands or labels, if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with the law. <p>We will pay for any reduction in value of the salvage merchandise resulting from either of these two actions, subject to all applicable limits.</p> <p>If a Brands and Labels Limit is shown on the Declarations, we will not pay more than the indicated amount for coverage under this Condition.</p>	No meaningful difference.
<p>4. Coinsurance</p> <p>a. Business Income</p> <p>Unless otherwise shown in the Declarations, Business Income Coverage is subject to coinsurance. When coinsurance applies, we will not pay the full amount of any “business income” loss if the “business income actual annual value” is greater than the “business income estimated annual value.” Instead, we will determine the most we will pay using the following steps:</p> <ul style="list-style-type: none">(1) Divide the “business income estimated annual value” by the “business income actual annual value” at the time of the “accident”;	<p>3. Coinsurance - Business Income Coverage</p> <p>a. Unless otherwise shown in the Declarations, Business Income coverage is subject to coinsurance. This means that we will not pay the full amount of any “business income” loss if the “business income actual annual value” is greater than the “business income estimated annual value” at the affected location at the time of the “accident.” Instead, we will determine the most we will pay using the following steps:</p> <ul style="list-style-type: none">(1) Divide the “business income estimated annual value” by the “business income actual annual value” at the time of the “accident”;(2) Multiply the total amount of the covered loss	The only meaningful change in the revised form is the addition of item c., which provides a rule for dividing values among locations when the information has not been provided.

EQUIPMENT BREAKDOWN COVERAGE FORM BM 72 11 (Ed. 06 98)	EQUIPMENT BREAKDOWN COVERAGE FORM BM 72 11 (Ed. 12 06)	Comments
<p>(2) Multiply the total amount of the covered loss of “business income” by the figure determined in paragraph (1) above;</p> <p>(3) Subtract the applicable Deductible from the amount determined in paragraph (2) above;</p> <p>The resulting amount, or the Business Income Limit, whichever is less, is the most we will pay. We will not pay for the remainder of the loss.</p> <p>This provision applies separately to each insured location.</p>	<p>of “business income” by the amount determined in paragraph (1) above;</p> <p>(3) Subtract the applicable deductible from the amount determined in paragraph (2) above;</p> <p>The resulting amount, or the Business Income Limit, whichever is less, is the most we will pay. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.</p> <p>b. Coinsurance applies separately to each insured location.</p> <p>c. If you report a single “business income estimated annual value” for more than one location, without providing information on how that amount should be distributed among the locations, we will distribute the amount evenly among all applicable locations.</p>	
<p>EXAMPLE 1 (Underinsurance)</p> <p>When:</p> <p>The “business income actual annual value” at the location of loss at the time of the “accident” is \$200,000.</p> <p>The “business income estimated annual value” shown in the Declarations for the location of loss is \$100,000.</p> <p>The actual loss of “business income” resulting from the “accident” is \$40,000.</p> <p>The Business Income Limit is \$1,000,000.</p> <p>The Business Income Deductible is \$5,000.</p> <p>Step 1: $\\$100,000 / \\$200,000 = .5$</p> <p>Step 2: $\\$40,000 \times .5 = \\$20,000$</p> <p>Step 3: $\\$20,000 - \\$5,000 = \\$15,000$</p> <p>The total “business income” loss recovery, after deductible, would be \$15,000. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.</p> <p>EXAMPLE 2 (Adequate insurance)</p> <p>When:</p>	<p>EXAMPLE 1 (Underinsurance)</p> <p>When:</p> <p>The “business income actual annual value” at the location of loss at the time of the “accident” is \$200,000.</p> <p>The “business income estimated annual value” shown in the Declarations for the location of loss is \$100,000.</p> <p>The actual loss of “business income” resulting from the “accident” is \$40,000.</p> <p>The Business Income limit is \$100,000.</p> <p>The Business Income deductible is \$5,000.</p> <p>Step 1: $\\$100,000 / \\$200,000 = .5$</p> <p>Step 2: $\\$40,000 \times .5 = \\$20,000$</p> <p>Step 3: $\\$20,000 - \\$5,000 = \\$15,000$</p> <p>The total “business income” loss recovery, after deductible, would be \$15,000. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.</p> <p>We will also charge you an additional premium in recognition of the actual “business income annual value.”</p>	<p>No meaningful difference.</p>

EQUIPMENT BREAKDOWN COVERAGE FORM BM 72 11 (Ed. 06 98)	EQUIPMENT BREAKDOWN COVERAGE FORM BM 72 11 (Ed. 12 06)	Comments
<p>The “business income actual annual value” at the location of loss at the time of the “accident” is \$200,000.</p> <p>The “business income estimated annual value” shown in the Declarations for the location of loss is \$200,000.</p> <p>The actual loss of “business income” resulting from the “accident” is \$40,000.</p> <p>The Business Income Limit is \$1,000,000.</p> <p>The Business Income Deductible is \$5,000.</p> <p>Step 1: $\\$200,000 / \\$200,000 = 1$</p> <p>Step 2: $\\$40,000 \times 1 = \\$40,000$</p> <p>Step 3: $\\$40,000 - \\$5,000 = \\$35,000$</p> <p>The total “business income” loss recovery, after deductible, would be \$35,000.</p>	<p>EXAMPLE 2 (Adequate insurance)</p> <p>When:</p> <p>The “business income actual annual value” at the location of loss at the time of the “accident” is \$200,000.</p> <p>The “business income estimated annual value” shown in the Declarations for the location of loss is \$200,000.</p> <p>The actual loss of “business income” resulting from the “accident” is \$40,000.</p> <p>The Business Income limit is \$100,000.</p> <p>The Business Income deductible is \$5,000.</p> <p>Step 1: $\\$200,000 / \\$200,000 = 1$</p> <p>Step 2: $\\$40,000 \times 1 = \\$40,000$</p> <p>Step 3: $\\$40,000 - \\$5,000 = \\$35,000$</p> <p>The total “business income” loss recovery, after deductible, would be \$35,000.</p>	
<p>b. Other Coinsurance</p> <p>If indicated in the Declarations, specified coverages may be subject to coinsurance. We will not pay for the full amount of your loss if the applicable limit is less than the product of the specified coinsurance percentage times the value of the property subject to the coverage at the time of the loss. Instead, we will determine what percentage this calculated product is compared to the applicable limit and apply that percentage to the gross amount of loss. We will then subtract the applicable Deductible. The resulting amount, or the applicable limit, is the most we will pay. We will not pay for the remainder of the loss.</p>	<p>4. Coinsurance – Coverages other than Business Income</p> <p>Coverages other than Business Income may be subject to coinsurance if so indicated in the Declarations. If a Coinsurance percentage is shown in the Declarations, the following condition applies.</p> <p>a. We will not pay the full amount of any loss if the value of the property subject to the coverage at the time of the “accident” times the Coinsurance percentage shown for it in the Declarations is greater than the applicable limit. Instead, we will determine the most we will pay using the following steps:</p> <ol style="list-style-type: none">(1) Multiply the value of the property subject to the coverage at the time of the “accident” by the Coinsurance percentage;(2) Divide the applicable limit by the amount determined in step (1);(3) Multiply the total amount of loss, before the application of any deductible, by the amount	<p>The revised form contains a more explicit description of the calculation involved, but there is no coverage change from the earlier form.</p>

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	<p>determined in step (2); and</p> <p>(4) Subtract the deductible from the amount determined in step (3).</p> <p>We will pay the amount determined in step (4) or the applicable limit, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.</p> <p>b. Coinsurance applies separately to each insured location.</p>	
<p>EXAMPLE 1 (Underinsurance)</p> <p>When:</p> <p>The value of perishable goods at the location of loss at the time of the “accident” is \$200,000.</p> <p>The Perishable Goods Limit is \$100,000 @ 80% Coinsurance.</p> <p>The actual loss under Perishable Goods Coverage resulting from the “accident” is \$40,000.</p> <p>The Perishable Goods Deductible is \$5,000.</p> <p>Step 1: \$200,000 X 80% = \$160,000</p> <p>Step 2: \$100,000/\$160,000 = .625</p> <p>Step 3: \$40,000 x .625 = \$25,000</p> <p>Step 4: \$25,000 - \$5,000 = \$20,000</p> <p>The total Perishable Goods loss recovery, after deductible, would be \$20,000. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.</p> <p>EXAMPLE 2 (Adequate insurance)</p> <p>When:</p> <p>The value of perishable goods at the location of loss at the time of the “accident” is \$100,000.</p> <p>The Perishable Goods Limit is \$100,000 @ 80% Coinsurance.</p>	<p>EXAMPLE 1 (Underinsurance)</p> <p>When:</p> <p>The actual value of “perishable goods” at the location of loss at the time of the “accident” is \$200,000.</p> <p>The Perishable Goods limit is \$100,000 @ 80% coinsurance.</p> <p>The loss under Perishable Goods coverage resulting from the “accident” is \$60,000.</p> <p>The Perishable Goods deductible is \$5,000.</p> <p>Step 1: \$200,000 x 80% = \$160,000</p> <p>Step 2: \$100,000/\$160,000 = .625</p> <p>Step 3: \$60,000 x .625 = \$37,500</p> <p>Step 4: \$37,500 - \$5,000 = \$32,500</p> <p>The total Perishable Goods loss recovery, after deductible, would be \$32,500. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.</p> <p>EXAMPLE 2 (Adequate insurance)</p> <p>When:</p> <p>The actual value of “perishable goods” at the location of loss at the time of the “accident” is \$100,000.</p> <p>The Perishable Goods limit is \$100,000 @ 80% coinsurance.</p>	<p>No meaningful difference.</p>

EQUIPMENT BREAKDOWN COVERAGE FORM BM 72 11 (Ed. 06 98)	EQUIPMENT BREAKDOWN COVERAGE FORM BM 72 11 (Ed. 12 06)	Comments
<p>The actual loss under Perishable Goods Coverage resulting from the “accident” is \$40,000.</p> <p>The Perishable Goods Deductible is \$5,000.</p> <p>Step 1: \$100,000 X 80% = \$80,000</p> <p>Step 2: \$100,000/\$80,000 = 1.25</p> <p>Coinsurance does not apply.</p> <p>Step 3: \$40,000 - \$5,000 = \$35,000</p> <p>The total Perishable Goods loss recovery, after deductible, would be \$35,000.</p>	<p>The loss under Perishable Goods coverage resulting from the “accident” is \$60,000.</p> <p>The Perishable Goods deductible is \$5,000.</p> <p>Step 1: \$100,000 x 80% = \$80,000</p> <p>Step 2: \$100,000/\$80,000 = 1.25</p> <p>Coinsurance does not apply.</p> <p>Step 3: \$60,000 - \$5,000 = \$55,000</p> <p>The total Perishable Goods loss recovery, after deductible, would be \$55,000.</p>	
<p>5. Duties In the Event of Loss or Damage</p> <p>You must see that the following are done in the event of loss or damage:</p> <ul style="list-style-type: none">a. Give us prompt notice of the loss or damage. Include a description of the property involved;b. As soon as possible, give us a description of how, when and where the loss or damage occurred;c. Allow us a reasonable time and opportunity to examine the property and premises before repairs are undertaken or physical evidence of the “accident” is removed. But you must take whatever measures are necessary for protection from further damage;d. Permit us to inspect the property and records. Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis;e. If requested, permit us to question you under oath, at such times as may be reasonably required about any matter relating to this insurance or your claim including your books and records. In such event, your answers must be signed;f. Send us a signed, sworn proof of loss containing the information we request to settle the claim. You must do this within 60 days after our request;g. Cooperate with us in the investigation and settlement of	<p>6. Duties in the Event of Loss or Damage</p> <p>You must see that the following are done in the event of loss or damage:</p> <ul style="list-style-type: none">a. Give us a prompt notice of the loss or damage, including a description of the property involved. <p><i>(See Reducing Your Loss below for paragraph b.)</i></p> <ul style="list-style-type: none">c. Allow us a reasonable time and opportunity to examine the property and premises before repair or replacement is undertaken or physical evidence of the “accident” is removed. But you must take whatever measures are necessary for protection from further damage.d. Make no statement that will assume any obligation or admit any liability, for any loss, damage or expense for which we may be liable, without our consent.e. Promptly send us any legal papers or notices received concerning the loss, damage or expense.f. As often as may be reasonably required, permit us to inspect your property, premises and records. Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.	<p>Most of the changes here are editorial, but the revised form does make explicit provision for the Insurer’s right to copy records and record the testimony of the insured.</p>

EQUIPMENT BREAKDOWN COVERAGE FORM BM 72 11 (Ed. 06 98)	EQUIPMENT BREAKDOWN COVERAGE FORM BM 72 11 (Ed. 12 06)	Comments
<p>the claim;</p> <p>h. Promptly send us any legal papers or notices received concerning the loss or damage; and</p> <p>i. Make no statement that will assume any obligation or admit any liability, for any loss or damage for which we may be liable, without our consent.</p> <p>We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.</p>	<p>g. If requested, permit us to examine you and any of your agents, employees and representatives under oath. We may examine any insured under oath while not in the presence of any other insured. Such examination:</p> <p>(1) May be at any time reasonably required;</p> <p>(2) May be about any matter relating to this insurance, your loss, damage or expense, or your claim, including, but not limited to, your books and records; and</p> <p>(3) May be recorded by us by any methods we choose.</p> <p>h. Send us a signed, sworn proof of loss containing the information we request. You must do this within 60 days after our request.</p> <p>i. Cooperate with us in the investigation and settlement of the claim.</p>	
	<p>7. Errors and Omissions</p> <p>a. We will pay your loss covered by this Equipment Breakdown coverage if such loss is otherwise not payable solely because of any of the following:</p> <p>(1) Any error or unintentional omission in the description or location of property as insured under this policy;</p> <p>(2) Any failure through error to include any premises owned or occupied by you at the inception of this policy; or</p> <p>(3) Any error or unintentional omission by you that results in cancellation of any premises insured under this policy.</p> <p>b. No coverage is provided as a result of any error or unintentional omission by you in the reporting of values or the coverage you requested.</p>	<p>This is an addition to coverage that has been added to the revised form. A similar, although somewhat narrower, provision (named Error in Description) was included in the common policy conditions form used with the earlier form.</p>

EQUIPMENT BREAKDOWN COVERAGE FORM BM 72 11 (Ed. 06 98)	EQUIPMENT BREAKDOWN COVERAGE FORM BM 72 11 (Ed. 12 06)	Comments
	<p>c. It is a condition of this coverage that such errors or unintentional omissions shall be reported and corrected when discovered. The policy premium will be adjusted accordingly to reflect the date the premises should have been added had no error or omission occurred.</p> <p>d. If an Errors and Omissions Limit is shown on the Declarations, we will not pay more than the indicated amount for coverage under this Condition.</p>	
	<p>8. Proving Your Loss</p> <p>It is your responsibility, at your own expense, to provide documentation to us:</p> <p>a. Demonstrating that the loss, damage or expense is the result of an “accident” covered under this Equipment Breakdown Coverage; and</p> <p>b. Calculating the dollar amount of the loss, damage and expense that you claim is covered.</p> <p>Your responsibility in 8.a. above is without regard to whether or not the possible “accident” occurred at your premises or involved your equipment.</p>	<p>This is a new condition in the revised form, although it does not represent a change in coverage intent.</p>
<p>6. Reducing Your Loss</p> <p>You must reduce your loss, if possible, by:</p> <p>a. Resuming business, partially or completely;</p> <p>b. Making up lost business within a reasonable amount of time. This includes working extra time or overtime at the location of loss or at another location. The reasonable amount of time does not necessarily end when the operations are resumed;</p> <p>c. Using merchandise or other property available to you;</p> <p>d. Using the property or services of others; or</p> <p>e. Salvaging the damaged property.</p>	<p><i>(E. LOSS CONDITIONS, Duties in the Event of Loss or Damage, 6.b.):</i></p> <p>b. You must reduce your loss, damage or expense, if possible, by:</p> <p>(1) Protecting property from further damage. We will not pay for your failure to protect property, as stated in Exclusion B.1.g.;</p> <p>(2) Resuming business, partially or completely at the location of loss or at another location;</p> <p>(3) Making up lost business within a reasonable amount of time. This includes working extra time or overtime at the location of loss or at another location. The reasonable amount of time does not necessarily end when the</p>	<p>This condition has been broadened in the revised form to encompass a wider range of loss reduction activities.</p>

EQUIPMENT BREAKDOWN COVERAGE FORM BM 72 11 (Ed. 06 98)	EQUIPMENT BREAKDOWN COVERAGE FORM BM 72 11 (Ed. 12 06)	Comments
	<p>operations are resumed;</p> <p>(4) Using merchandise or other property available to you;</p> <p>(5) Using the property or services of others; and</p> <p>(6) Salvaging the damaged property.</p>	
<p>7. Salvage and Recoveries</p> <p>When, in connection with any loss under this Coverage Part, any salvage or recovery is received subsequent to the payment of such loss, the loss shall be refigured on the basis on which it would have been settled had the amount of salvage or recovery been known at the time the loss was originally determined. Any amounts thus found to be due either party from the other shall be paid promptly.</p>	<p>9. Salvage and Recoveries</p> <p>When, in connection with any loss under this Equipment Breakdown Coverage, any salvage or recovery is received after the payment for such loss, the amount of the loss shall be refigured on the basis on which it would have been settled had the amount of salvage or recovery been known at the time the loss was originally determined. Any amounts thus found to be due either party from the other shall be paid promptly.</p>	<p>No meaningful difference.</p>
<p>8. Valuation</p> <p>a. Our payment for damaged “covered property” will be the smallest of:</p> <p>(1) The cost to repair the damaged property;</p> <p>(2) The cost to replace the damaged property on the same site; or</p> <p>(3) The amount you actually spend that is necessary to repair or replace the damaged property.</p> <p>b. You must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.</p> <p>c. If you do not repair or replace the damaged property within 24 months after the date of the “accident,” then we will pay only the smaller of the:</p> <p>(1) Cost it would have taken to repair at the time of the “accident”; or</p> <p>(2) Actual cash value; at the time of the “accident.”</p> <p>d. If any of the following conditions are met, property</p>	<p>10. Valuation</p> <p>We will determine the value of “covered property” as follows:</p> <p>a. Except as specified otherwise, our payment for damaged “covered property” will be the smallest of:</p> <p>(1) The cost to repair the damaged property;</p> <p>(2) The cost to replace the damaged property on the same site; or</p> <p>(3) The amount you actually spend that is necessary to repair or replace the damaged property.</p> <p>b. The amount of our payment will be based on the most cost-effective means to replace the function, capacity and remaining useful life of the damaged property. This may include the use of generic, used or reconditioned parts, equipment or property.</p> <p>c. Except as described in d. below, you must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different</p>	<p>Item b. in the revised form is not explicitly stated in the earlier form, but does not represent a change in coverage.</p> <p>Item d. in the revised form is a broadening of coverage that was not in the earlier form, but similar coverage was included in the ENHANCED PERFORMANCE, SAFETY OR EFFICIENCY UPGRADE amendatory endorsement filed for use with the earlier form.</p> <p>Item e.(1) in the revised form makes ACV valuation applicable to certain property that may have been valued on a replacement cost basis in the earlier form.</p>

EQUIPMENT BREAKDOWN COVERAGE FORM BM 72 11 (Ed. 06 98)	EQUIPMENT BREAKDOWN COVERAGE FORM BM 72 11 (Ed. 12 06)	Comments
<p>held by you for sale will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses you otherwise would have had:</p> <p>(1) The property was manufactured by you;</p> <p>(2) The sales price of the property is less than the replacement cost of the property; or</p> <p>(3) You are unable to replace the property before its anticipated sale.</p> <p>e. "Media" will be valued on the following basis:</p> <p>(1) For "media" that are mass-produced and commercially available, at the replacement cost.</p> <p>(2) For all other "media," at the cost of blank material for reproducing the records.</p> <p><i>[ENHANCED PERFORMANCE, SAFETY OR EFFICIENCY UPGRADE BM 72 13 (Ed. 06/98) XS Endorsement]</i></p> <p>1. The following is added to LOSS CONDITION E.8, Valuation:</p> <p>f. Enhanced Performance, Safety or Efficiency Upgrade</p> <p>(1) if damaged "covered equipment" cannot be repaired of the cost of repairing equals or exceeds the replacement cost of the "covered equipment"; and</p> <p>(2) you want to or we require that you replace with a different type of equipment which enhances the performance, safety or efficiency of the "covered equipment" while maintaining the existing function, we will pay up to 125% of what the cost would have been to replace with like kind and quality.</p>	<p>size or capacity.</p> <p>d. Environmental, Safety and Efficiency Improvements</p> <p>If "covered equipment" requires replacement due to an "accident," we will pay your additional cost to replace with equipment that we agree is better for the environment, safer for people or more energy efficient than the equipment being replaced, subject to the following conditions:</p> <p>(1) We will not pay more than 125% of what the cost would have been to replace with like kind and quality;</p> <p>(2) We will not pay to increase the size or capacity of the equipment;</p> <p>(3) This provision only applies to Property Damage coverage;</p> <p>(4) This provision does not increase any of the applicable limits;</p> <p>(5) This provision does not apply to any property valued on an Actual Cash Value basis; and</p> <p>(6) This provision does not apply to the replacement of component parts.</p> <p>e. The following property will be valued on an Actual Cash Value basis:</p> <p>(1) Any property that does not currently serve a useful or necessary function for you;</p> <p>(2) Any "covered property" that you do not repair or replace within 24 months after the date of the "accident"; and</p> <p>(3) Any "covered property" for which Actual Cash Value coverage is specified in the Declarations.</p> <p>Actual Cash Value includes deductions for depreciation.</p> <p>f. If any one of the following conditions is met, property held for sale by you will be valued at the sales price as</p>	

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	<p>if no loss or damage had occurred, less any discounts and expenses that otherwise would have applied:</p> <ul style="list-style-type: none">(1) The property was manufactured by you;(2) The sales price of the property is less than the replacement cost of the property; or(3) You are unable to replace the property before its anticipated sale. <p>g. Except as specifically provided for under Data Restoration coverage, “data” and “media” will be valued on the following basis:</p> <ul style="list-style-type: none">(1) For mass-produced and commercially available software, at the replacement cost.(2) For all other “data” and “media,” at the cost of blank “media” for reproducing the records. We will not pay for “data” representing financial records based on the face value of such records.	
<p>F. ADDITIONAL CONDITIONS</p> <p>The following conditions apply in addition to the Common Policy Conditions:</p> <p>1. Additional Insured</p> <p>If a person or organization is designated in this Coverage Part as an additional insured, we will consider them to be an insured under this Coverage Part only to the extent of their interest.</p>	<p>F. ADDITIONAL CONDITIONS</p> <p>The following conditions apply in addition to the Common Policy Conditions:</p> <p>1. Additional Insured</p> <p>If a person or organization is designated in this Equipment Breakdown Coverage as an additional insured, we will consider them to be an insured under this Equipment Breakdown Coverage only to the extent of their interest in the “covered property.”</p>	No meaningful difference.
<p>2. Bankruptcy</p> <p>The bankruptcy or insolvency of you or your estate will not relieve us of any obligation under this Coverage Part.</p>	<p>2. Bankruptcy</p> <p>The bankruptcy or insolvency of you or your estate will not relieve you or us of any obligation under this Equipment Breakdown Coverage.</p>	This condition has been modified in the revised form by the addition of the phrase “you or.” This is not a change in coverage intent, but makes it explicit that the Insured’s obligations also continue in the event of bankruptcy.

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<p><i>[GENERAL CONDITIONS BM 72 12 (Ed. 06 98), Paragraph A.]</i></p> <p>A. CANCELLATION</p> <p>1. The First Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.</p> <p>2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:</p> <p>a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or</p> <p>b. 30 days before the effective date of cancellation if we cancel for any other reason.</p> <p>3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.</p> <p>4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.</p> <p>5. If this policy is canceled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.</p> <p>6. If notice is mailed, proof of mailing will be sufficient proof of notice.</p>	<p>3. Cancellation</p> <p>a. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.</p> <p>b. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:</p> <p>(1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or</p> <p>(2) 30 days before the effective date of cancellation if we cancel for any other reason.</p> <p>c. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.</p> <p>d. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.</p> <p>e. If this policy is canceled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.</p> <p>f. If notice is mailed, proof of mailing will be sufficient proof of notice.</p>	<p>This is an addition to coverage that has been incorporated into the revised form. This provision was included in the General Conditions form used with the earlier form.</p>
<p><i>[GENERAL CONDITIONS BM 72 12 (Ed. 06 98), Paragraph B.]</i></p> <p>B. CHANGES</p> <p>This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.</p>	<p>4. Changes</p> <p>This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.</p>	<p>This is an addition to coverage that has been incorporated into the revised form. This provision was included in the General Conditions form used with the earlier form.</p>

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<p>3. Concealment, Misrepresentation or Fraud</p> <p>We will not pay for any loss if you or any other Named Insured at any time intentionally conceal or misrepresent a material fact concerning:</p> <ul style="list-style-type: none">a. This Coverage Part;b. The “covered property”;c. Your interest in the “covered property”; ord. A claim under this Coverage Part.	<p>5. Concealment, Misrepresentation or Fraud</p> <p>We will not pay for any loss and coverage will be void if you or any additional insured at any time:</p> <ul style="list-style-type: none">a. Intentionally cause or allow loss, damage or expense in order to collect on insurance; orb. Intentionally conceal or misrepresent a material fact concerning:<ul style="list-style-type: none">(1) This Equipment Breakdown Coverage;(2) The “covered property”;(3) Your interest in the “covered property”; or(4) A claim under this Equipment Breakdown Coverage.	<p>This condition has been modified by the addition of section a. in the revised form. This is not a change in coverage intent, but makes it explicit that the insurance does not apply to deliberately created losses.</p>
<p><i>[GENERAL CONDITIONS BM 72 12 (Ed. 06 98), Paragraph C.]</i></p> <p>C. EXAMINATION OF YOUR BOOKS AND RECORDS</p> <p>We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.</p>	<p>6. Examination of Your Books and Records</p> <p>We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.</p>	<p>This is an addition to coverage that has been incorporated into the revised form. This provision was included in the General Conditions form used with the earlier form.</p>
<p><i>[GENERAL CONDITIONS BM 72 12 (Ed. 06 98), Paragraph D.]</i></p> <p>D. INSPECTIONS AND SURVEYS</p> <p>We have the right but are not obligated to:</p> <ul style="list-style-type: none">1. make inspections and surveys at any time;2. give you reports on the conditions we find; and3. recommend changes. <p>Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public.</p>	<p>7. Inspections and Surveys</p> <ul style="list-style-type: none">a. We have the right to:<ul style="list-style-type: none">(1) Make inspections and surveys at any time;(2) Give you reports on the conditions we find; and(3) Recommend changes.b. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:	<p>This is an addition to coverage that has been incorporated into the revised form. A similar provision was included in the General Conditions form used with the earlier form. No change in intent.</p>

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<p>And we do not warrant that conditions:</p> <ol style="list-style-type: none"> 1. are safe or healthful; or 2. comply with laws, regulations, codes or standards. <p>This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.</p>	<ol style="list-style-type: none"> (1) Are safe or healthful; or (2) Comply with laws, regulations, codes or standards. c. Paragraphs a. and b. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations. 	
	<p>8. Jurisdictional Inspections</p> <p>It is your responsibility to comply with any state or municipal boiler and pressure vessel regulations. If any “covered equipment” that is “covered property” requires inspection to comply with such regulations, at your option we agree to perform such inspection.</p>	<p>This is an addition to coverage that has been added to the revised form. This provision was not included in the earlier form and does not represent a change in practice or obligation. It simply states the fact that regulatory compliance is the insured’s responsibility, which has always been the case. It also states the insured has the right to choose who shall perform the required inspection.</p>
<p>4. Legal Action Against Us</p> <p>No one may bring a legal action against us under this Policy unless:</p> <ol style="list-style-type: none"> a. There has been full compliance with all the terms of this Policy; and b. The action is brought within two years after the date of the “accident”; or c. We agree in writing that you have an obligation to pay for damage to “covered property” of others or until the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this Policy to bring us into an action to determine your liability. 	<p>9. Legal Action Against Us</p> <p>No one may bring a legal action against us under this Equipment Breakdown Coverage unless:</p> <ol style="list-style-type: none"> a. There has been full compliance with all the terms of this Equipment Breakdown Coverage; and b. The action is brought within two years after the date of the “accident” or c. We agree in writing that you have an obligation to pay for damage to “covered property” of others or until the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this policy to bring us into an action to determine your liability. 	<p>No meaningful difference.</p>
<p>5. Liberalization</p> <p>If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within</p>	<p>10. Liberalization</p> <p>If we adopt any standard form revision for general use that would broaden the coverage under this Equipment Breakdown</p>	<p>Application of the Liberalization condition has been modified in the revised form to be triggered by the date</p>

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45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.	Coverage without additional premium, the broadened coverage will apply to this Equipment Breakdown Coverage commencing on the date that such revision becomes effective in the jurisdiction where the “accident” occurs.	the form revision is accepted for use in the applicable jurisdiction.
<p>6. Loss Payable</p> <ul style="list-style-type: none"> a. We will pay you and the loss payee shown in the Declarations for loss covered by this Coverage Part, as interests may appear. The insurance covers the interest of the loss payee unless the loss results from conversion, secretion or embezzlement on your part. b. We may cancel the policy as allowed by the Cancellation Condition. Cancellation ends this agreement as to the loss payee’s interest. If we cancel, we will mail you and the loss payee the same advance notice. c. If we make any payment to the loss payee, we will obtain their rights against any other party. 	<p>11. Loss Payable</p> <ul style="list-style-type: none"> a. We will pay you and the loss payee shown in the Declarations for loss covered by this Equipment Breakdown Coverage, as interests may appear. The insurance covers the interest of the loss payee unless the loss results from conversion, secretion or embezzlement on your part or on the part of the loss payee. b. We may cancel the policy as allowed by the Cancellation Condition. Cancellation ends this agreement as to the loss payee’s interest. If we cancel, we will mail you and the loss payee the same advance notice. c. If we make any payment to the loss payee, we will obtain their rights against any other party. 	No meaningful difference.
	<p>12. Maintaining Your Property and Equipment</p> <p>It is your responsibility to appropriately maintain your property and equipment. We will not pay your costs to maintain, operate, protect or enhance your property or equipment, even if such costs are to comply with our recommendations or prevent loss, damage or expense that would be covered under this policy.</p>	This is a new condition in the revised form, although it does not represent a change in coverage intent.
<p>7. Mortgage Holders</p> <ul style="list-style-type: none"> a. The term mortgage holder includes trustee. b. We will pay for direct damage to “covered property” due to an “accident” to “covered equipment” to you and each mortgage holder shown in the Declarations in their order of precedence, as interests may appear. 	<p>13. Mortgage Holders</p> <ul style="list-style-type: none"> a. The term mortgage holder includes trustee. b. We will pay for direct damage to “covered property” due to an “accident” to “covered equipment” to you and each mortgage holder shown in the Declarations in their order of precedence, as interests in the 	No meaningful difference.

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<p>c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the “covered property.”</p> <p>d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgage holder will still have the right to receive loss payment if the mortgage holder:</p> <ol style="list-style-type: none"> (1) Pays any premium due under this Coverage Part at our request if you have failed to do so; (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and (3) Has notified us of any change in ownership or material change in risk known to the mortgage holder. <p>All of the terms of this Coverage Part will then apply directly to the mortgage holder.</p> <p>e. If we pay the mortgage holder for any loss and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:</p> <ol style="list-style-type: none"> (1) The mortgage holder's right under the mortgage will be transferred to us to the extent of the amount we pay; and (2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired. <p>At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.</p> <p>f. If we cancel this policy, we will give written notice to the mortgage holder at least:</p> <ol style="list-style-type: none"> (1) 10 days before the effective date of cancellation 	<p>“covered property” may appear.</p> <p>c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the “covered property.”</p> <p>d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Equipment Breakdown Coverage, the mortgage holder will still have the right to receive loss payment, provided the mortgage holder does all of the following:</p> <ol style="list-style-type: none"> (1) Pays any premium due under this Equipment Breakdown Coverage at our request if you have failed to do so; (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; (3) Has notified us of any change in ownership or material change in risk known to the mortgage holder; and (4) Has complied with all other terms and conditions of this Policy. <p>All of the terms of this Equipment Breakdown Coverage will then apply directly to the mortgage holder.</p> <p>e. If we pay the mortgage holder for any loss and deny payment to you because of your acts or because you have failed to comply with the terms of this Equipment Breakdown Coverage:</p> <ol style="list-style-type: none"> (1) The mortgage holder's right under the mortgage will be transferred to us to the extent of the amount we pay; and (2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired. 	

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<p>if we cancel for your nonpayment of premium; or (2) 30 days before the effective date of cancellation if we cancel for any other reason.</p> <p>g. If we elect not to renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.</p> <p>h. If we suspend coverage, it will also be suspended as respects the mortgage holder. We will give written notice of the suspension to the mortgage holder.</p>	<p>At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.</p> <p>f. If we cancel this policy, we will give written notice to the mortgage holder at least:</p> <p>(1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or</p> <p>(2) 30 days before the effective date of cancellation if we cancel for any other reason.</p> <p>g. If we elect not to renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.</p> <p>h. If we suspend coverage, it will also be suspended as respects the mortgage holder. We will give written notice of the suspension to the mortgage holder.</p>	
<p>8. Other Insurance</p> <p>a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable limits under this Coverage Part bear to the Limits of Insurance of all insurance covering on the same basis.</p> <p>b. If there is other insurance covering the same loss or damage, other than that described in (a) above, we will pay only the amount of covered loss or damaged in excess of the amount due from that other insurance, whether you can collect on it or not.</p> <p>In no case will we pay more than the applicable limits.</p>	<p>14. Other Insurance</p> <p>If there is other insurance that applies to the same loss, damage or expense, this Equipment Breakdown Coverage shall apply only as excess insurance after all other applicable insurance has been exhausted.</p>	<p>The revised form omits what was section a. in the earlier form, specifying a proportional split of losses in cases where identical coverage is deliberately split between different insurers. This is not a normal practice with Equipment Breakdown insurance.</p>
<p>9. Policy Period, Coverage Territory</p>	<p>15. Policy Period, Coverage Territory</p>	<p>The statement in section a. of the revised form that</p>

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Under this Coverage Part: a. The “accident” must occur: (1) During the Policy Period shown in the Declarations; and (2) Within the Coverage Territory. b. The Coverage Territory is: (1) The United States of America (including its territories and possessions); (2) Puerto Rico; and (3) Canada.	Under this Equipment Breakdown Coverage: a. The “accident” must occur during the Policy Period, but expiration of the policy does not limit our liability. b. The “accident” must occur within the following Coverage Territory: (1) The United States of America (including its territories and possessions); (2) Puerto Rico; and (3) Canada.	“expiration of the policy does not limit our liability” appears in A.2. of the earlier form and does not represent a change.
[GENERAL CONDITIONS BM 72 12 (Ed. 06 98), Paragraph E.] E. PREMIUMS The first Named Insured shown in the Declarations: 1. is responsible for the payment of all premiums; and 2. will be the payee for any return premiums we pay.	16. Premiums The first Named Insured shown in the Declarations: a. Is responsible for the payment of all premiums; and b. Will be the payee for any return premiums we pay.	This is an addition to coverage that has been incorporated into the revised form. This provision was included in the General Conditions form used with the earlier form.
10. Privilege to Adjust with Owner In the event of loss or damage involving property of others in your care, custody or control, we have the right to settle the loss or damage with respect to such property with the owner of the property. A receipt for payment from the owners of that property will satisfy any claim of yours.	17. Privilege to Adjust with Owner In the event of loss, damage or expense involving property of others in your care, custody or control, we have the right to settle the loss, damage or expense with respect to such property with the owner of the property. Settlement with owners of that property will satisfy any claim of yours.	No meaningful difference.
11. Suspension Whenever “covered equipment” is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an “accident” to that "covered equipment." This can be done by delivering or mailing a written notice of suspension to: a. Your last known address; or b. The address where the "covered equipment" is located.	18. Suspension Whenever “covered equipment” is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an “accident” to that "covered equipment." This can be done by delivering or mailing a written notice of suspension to: a. Your last known address; or b. The address where the "covered equipment" is	No meaningful difference.

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<p>Once suspended in this way, your insurance can be reinstated only by an endorsement for that “covered equipment.”</p> <p>If we suspend your insurance, you will get a pro rata refund of premium for that “covered equipment.” But the suspension will be effective even if we have not yet made or offered a refund.</p>	<p>located.</p> <p>Once suspended in this way, your insurance can be reinstated only by an endorsement for that “covered equipment.”</p> <p>If we suspend your insurance, you will get a pro rata refund of premium for that “covered equipment.” But the suspension will be effective even if we have not yet made or offered a refund.</p>	
<p><i>[GENERAL CONDITIONS BM 72 12 (Ed. 06 98), Paragraph F.]</i></p> <p>F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY</p> <p>Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.</p> <p>If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.</p>	<p>19. Transfer of Your Rights and Duties Under This Policy</p> <p>Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.</p> <p>If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.</p>	<p>This is an addition to coverage that has been incorporated into the revised form. This provision was included in the General Conditions form used with the earlier form.</p>
<p>12. Transfer of Rights of Recovery Against Others to Us</p> <p>If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:</p> <p>a. Prior to a loss to your “covered property.”</p> <p>b. After a loss to your “covered property” only if, at time of loss, that party is one of the following:</p> <p>(1) Someone insured by this insurance; or</p> <p>(2) A business firm:</p> <p>(a) Owned or controlled by you; or</p>	<p>20. Transfer of Rights of Recovery Against Others to Us</p> <p>If any person or organization to or for whom we make payment under this Equipment Breakdown Coverage has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:</p> <p>a. Prior to an “accident.”</p> <p>b. After an “accident” only if, at time of the “accident,” that party is one of the following:</p> <p>(1) Someone insured by this Policy; or</p> <p>(2) A business firm:</p> <p>(a) Owned or controlled by you; or</p>	<p>No meaningful difference.</p>

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(b) That owns or controls you.	(b) That owns or controls you.	
<p><i>[GENERAL CONDITIONS BM 72 12 (Ed. 06 98), Item II.]</i></p> <p>II. CALCULATION OF PREMIUM</p> <p>The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation, or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.</p>		This provision was included in the General Conditions form used with the earlier form. It has not been included in the revised form as it can be added at a policy level.
<p><i>[GENERAL CONDITIONS BM 72 12 (Ed. 06 98), Item III.]</i></p> <p>III. ADJUSTMENT OF PREMIUM</p> <p>A. You will report insurable values to us at least once a year.</p> <p>B. The premium charged at the inception of each policy year is an advance premium. We will determine an adjusted premium for this insurance.</p> <p>C. If the adjusted premium is less than the advance premium, we will return the excess premium to you. Such excess premium will not exceed 75% of the advance premium.</p> <p>D. If the adjusted premium is greater than the advance premium, we will charge the additional premium based on your reports of value.</p>		This provision was included in the General Conditions form used with the earlier form. It has not been included in the revised form since it can be added at a policy level.
<p><i>[GENERAL CONDITIONS BM 72 12 (Ed. 06 98), Item IV.]</i></p> <p>IV. LOSS ADJUSTMENT AGREEMENT</p> <p>A. If there is loss or damage insured under this policy and also under a Commercial Property policy and there is disagreement between the insurers with respect to:</p> <ol style="list-style-type: none"> whether such damage or destruction was caused by an "accident" insured against by this policy or a Cause of Loss insured against by such Commercial Property policy; or the extent of participation of this policy and of such Commercial Property policy in a loss which is insured against, partially or wholly, by any or all of said policies, <p>We shall, upon written request from you, pay to you one-half of the amount of the loss which is in disagreement, but in no event more</p>		This provision was included in the General Conditions form used with the earlier form. It has not been included since the form will only be used on a reinsurance basis so it is not necessary.

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<p>than we would have paid if there had been no Commercial Property policy in effect.</p> <p>B. This agreement is subject to the following conditions:</p> <ol style="list-style-type: none">1. The amount of the loss which is in disagreement, after making provisions for any undisputed claims payable under the policies and after the amount of the loss is agreed upon by you, us and the provider of Commercial Property insurance, is limited to the minimum amount remaining payable under either this policy or the Commercial Property policy.2. The Commercial Property insurer shall simultaneously pay to you one-half of the amount which is in disagreement.3. The payments by us and the Commercial Property insurer and acceptance of those sums by you signify the agreement of us and the Commercial Property insurer to submit to and proceed with arbitration within 90 days of such payment. <p>There shall be three arbitrators, one of whom shall be appointed by us, one of whom shall be appointed by the Commercial Property insurer and the third appointed by consent of the other two. The decision by the arbitrators shall be binding on us and the Commercial Property insurer and judgment upon such award may be entered in any court of competent jurisdiction.</p> <ol style="list-style-type: none">4. You agree to cooperate in connection with but not to intervene in such arbitration.5. The provisions of this agreement shall not apply unless such Commercial Property policy has materially the same agreement in force at the time of the loss.6. Acceptance by you of any payment under this agreement shall not alter, waive, surrender or in any way affect the rights you have against us or the Commercial Property insurer.		
<p>G. DEFINITIONS</p> <ol style="list-style-type: none">1. “Accident” is defined in A.1.a., COVERAGE - Covered Cause of Loss.	<p>G. DEFINITIONS</p> <ol style="list-style-type: none">1. “Accident”<ol style="list-style-type: none">a. “Accident” is defined in A.1.a.b. None of the following is an “accident,” however caused and without regard to whether such condition	<p>Items (4) and (5) in the revised form are new, but do not represent a change in coverage intent.</p>

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	<p>or event is normal and expected or unusual and unexpected: <i>(1, 2, and 3 are shown under exclusions above)</i> (4) Contamination by a “hazardous substance”; or (5) Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.</p>	
<p>2. “Boilers and Vessels” means:</p> <ul style="list-style-type: none"> a. Any boiler, including attached steam, condensate and feedwater piping; and b. Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents. <p>This term does not appear elsewhere in this coverage form, but may appear in the Declarations.</p>	<p>2. “Boilers and Vessels” means:</p> <ul style="list-style-type: none"> a. Boilers; b. Steam piping; c. Piping that is part of a closed loop used to conduct heat from a boiler; d. Condensate tanks; and e. Unfired vessels which, during normal usage, operate under vacuum or pressure, other than the weight of contents. <p>This term does not appear elsewhere in this coverage form, but may appear in the Declarations.</p>	<p>No meaningful difference.</p>
	<p>3. “Building Utilities” means “covered equipment” permanently mounted on or in a building and used to provide any of the following services within the building: heating, ventilating, air conditioning, electrical power, hot water, elevator or escalator services, natural gas service or communications. “Building utilities” does not include personal property or equipment used in manufacturing or processing.</p>	<p>This is a new definition in the revised form, but does not represent a change in coverage.</p>
	<p>4. “Buried Vessels or Piping” means any piping or vessel buried or encased in the earth, concrete or other material, whether above or below grade, or in an enclosure which does not allow access for inspection and repair.</p>	<p>This is a new definition in the revised form, but does not represent a change in coverage.</p>

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<p>3. “Business Income” means the sum of:</p> <ul style="list-style-type: none"> a. The Net Income (net profit or loss before income taxes) that would have been earned or incurred; and b. Continuing normal operating expenses incurred, including employee payroll. 	<p>5. “Business Income” means the sum of:</p> <ul style="list-style-type: none"> a. The Net Income (net profit or loss before income taxes) that would have been earned or incurred; and b. Continuing normal and necessary operating expenses incurred, including employee payroll. 	No meaningful difference.
<p>4. “Business Income Actual Annual Value” means the “business income” for the current fiscal year that would have been earned had no “accident” occurred.</p> <p>In calculating the “business income actual annual value,” we will take into account the actual experience of your business before the “accident” and the probable experience you would have had without the “accident.”</p>	<p>6. “Business Income Actual Annual Value” means the “business income” for the current fiscal year that would have been earned had no “accident” occurred.</p> <p>In calculating the “business income actual annual value,” we will take into account the actual experience of your business before the “accident” and the probable experience you would have had without the “accident.”</p>	No meaningful difference.
<p>5. “Business Income Estimated Annual Value” means the anticipated “business income” reported to us and shown in the Declarations. If no value is shown in the Declarations, the “business income estimated annual value” will be the most recent report of anticipated “business income” values on file with us.</p>	<p>7. “Business Income Estimated Annual Value” means the anticipated “business income” reported to us and shown in the Declarations. If no value is shown in the Declarations, the “business income estimated annual value” will be the most recent report of anticipated “business income” values on file with us.</p>	No meaningful difference.
<p>6. “Computer Equipment” means “covered property” that is electronic computer or other electronic data processing equipment, including “media” and peripherals used in conjunction with such equipment.</p>		This is not required as a defined term in the revised form.
<p>7. “Covered Equipment” is defined in A.1.b., COVERAGE - Covered Cause of Loss.</p>	<p>8. “Covered Equipment”</p> <ul style="list-style-type: none"> a. “Covered Equipment” is defined in A.1.b. 	Changes were discussed under Exclusions section above.
<p>8. “Covered Property” means property that:</p> <ul style="list-style-type: none"> a. You own; or b. Is in your care, custody or control and for which you are legally liable <p>while at a location described in the Declarations.</p>	<p>9. “Covered Property”</p> <ul style="list-style-type: none"> a. “Covered Property” means property that you own or property that is in your care, custody or control and for which you are legally liable. Such property must be at a location described in the Declarations except 	The revised form includes an exception for Off Premises Property Damage coverage, which is not a coverage in the earlier form.

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	as provided under Off Premises Property Damage coverage.	
	10. “Data” means information or instructions stored in digital code capable of being processed by machinery.	This is a new definition in the revised form, but does not represent a change in coverage.
	<p>11. “Electrical Generating Equipment”</p> <p>a. “Electrical Generating Equipment” means equipment which converts any other form of energy into electricity. This includes, but is not limited to, the following:</p> <ul style="list-style-type: none"> (1) Boilers used primarily to provide steam for one or more turbine-generator units; (2) Turbine-generators (including steam, gas, water or wind turbines); (3) Engine-generators; (4) Fuel cells or other alternative electrical generating equipment; (5) Electrical transformers, switchgear and power lines used to convey the generated electricity; and (6) Associated equipment necessary for the operation of any of the equipment listed in (1) through (5) above. <p>b. “Electrical Generating Equipment” does not mean:</p> <ul style="list-style-type: none"> (1) Elevator or hoist motors that generate electricity when releasing cable; or (2) Equipment intended to generate electricity solely on an emergency, back-up basis. <p>This term does not appear elsewhere in this coverage form, but may appear in the Declarations.</p>	This is a new definition in the revised form, but does not represent a change in coverage.
9. “Extra Expense” means the additional cost you incur to operate your business during the interruption over and above the cost that normally would have been incurred to operate the	12. “Extra Expense” means the additional cost you incur to operate your business over and above the cost that you normally would have incurred to operate your business	No meaningful difference.

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business during the same period had no “accident” occurred.	during the same period had no “accident” occurred.	
<p>10. “Hazardous Substance” means any substance other than ammonia that has been declared to be hazardous to health by a governmental agency.</p>	<p>13. “Hazardous Substance” means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.</p>	<p>The earlier form exempted ammonia from this definition.</p> <p>The revised form expands the definition to include substances that are hazardous in addition to substances that have been declared hazardous.</p>
	<p>14. “Interruption of Service”</p> <ul style="list-style-type: none"> a. “Interruption of Service” means a failure or disruption of the normal supply of any of the Covered Services listed in b. below, when such failure or disruption is caused by an “accident” to “covered equipment,” subject to the conditions listed in c. through f. below. b. Covered Services are electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks and data transmission. c. The “covered equipment” must either be: <ul style="list-style-type: none"> (1) Owned by a company with whom you have a contract to supply you with one of the Covered Services; or (2) Used to supply you with one of the Covered Services and located within one mile of a location described in the Declarations. d. If a Service Interruption Distance Limitation is indicated in the Declarations, the “covered equipment” suffering the “accident” must be located within the indicated distance of any location described in the Declarations. e. Unless otherwise shown in the Declaration, no failure or disruption of service will be considered to qualify as an “interruption of service” until the failure or disruption exceeds 24 hours immediately following 	<p>This definition in the revised form substitutes for coverage language that was found in sections A.2.d. and A.2.e.(2) in the earlier form.</p> <p>The list of covered services has been expanded to include internet access, wide area networks and data transmission.</p> <p>Coverage in the earlier form was limited to equipment owned by suppliers with whom the insured had a contract. Item c.(2) in the revised form expands coverage to include other suppliers within one mile of the insured premises.</p> <p>Items d. represents a coverage modification that may appear on the Declarations of specific policies.</p> <p>Item e. represents a coverage modification that automatically includes a 24 hour waiting period for “interruption of service.” This waiting period may have appeared on the Declarations under the earlier form.</p> <p>Item f. in the revised form is new language but does not represent a change in coverage intent.</p>

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	<p>the “accident.”</p> <p>f. “Interruption of service” does not include any failure or disruption, whether or not arising from or involving an “accident,” in which a supplier could have continued to provide service to the location but chose for any reason to reduce or discontinue service.</p>	
	<p>15. “Interruption of Supply”</p> <p>a. “Interruption of Supply” means a failure or disruption of the normal supply of any of the Covered Contingencies listed below, when such failure or disruption is caused by an “accident” to “covered equipment” that is located at a Contingent Business Income supplier or receiver location indicated in the Declarations. If no Contingent Business Income supplier or receiver location is indicated in the Declarations, the “covered equipment” must be owned by a supplier from whom you have received the Covered Contingency for at least six months prior to the “accident” or a receiver to whom you have supplied the Covered Contingency for at least six months prior to the “accident.”</p> <p>b. Covered Contingencies are raw materials, intermediate products, finished products, packaging materials and product processing services.</p>	<p>This definition has been added to the revised form to support the inclusion of Contingent Business Income coverage. That coverage was not included in the earlier form.</p>
<p>11. “Media” means all forms of electronic, magnetic and optical tapes and discs for use in any electronic computer or electronic data processing equipment.</p>	<p>16. “Media” means material on which “data” is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.</p>	<p>No meaningful difference.</p>
<p>12. “One Accident” means:</p> <p>If an initial “accident” causes other “accidents,” all will be considered “one accident.” All “accidents” that are the result of the same event will be considered “one accident.”</p>	<p>17. “One Accident” means all “accidents” occurring at the same time from the same event. If an “accident” causes other “accidents,” all will be considered “one accident.”</p>	<p>No meaningful difference.</p>

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	<p>18. “Ordinary Payroll” means the Payroll Expenses associated with all employees other than executives, department managers and employees under contract.</p> <p>As used above, Payroll Expenses means all payroll, employee benefits directly related to payroll, FICA payments you pay, union dues you pay and workers compensation premiums.</p> <p>“Ordinary payroll” does not include pensions or directors fees.</p> <p>This term does not appear elsewhere in this coverage form, but may appear in the Declarations.</p>	<p>This is a new definition in the revised form, but does not represent a change in coverage.</p>
	<p>19. “Period of Restoration” means the period of time that begins at the time of the “accident” and continues until the earlier of:</p> <ul style="list-style-type: none"> a. The date the physical damage to “covered equipment” is repaired or replaced; or b. The date on which such damage could have been repaired or replaced with the exercise of due diligence and dispatch, <p>plus the number of days, if any, shown in the Declarations for Extended Period of Restoration.</p>	<p>This definition in the revised form substitutes for Extended Business Income coverage that was described in A.2.b.(4) of the earlier form.</p> <p>The definition in the revised form refers to the repair of “covered equipment” rather than damaged property and limits the time period before the addition of the specified days to the amount of time the repair should take with the exercise of due diligence and dispatch.</p>
<p>13. “Perishable Goods” means any “covered property” subject to deterioration or impairment as a result of a change of conditions, including but not limited to temperature, humidity or pressure.</p>	<p>20. “Perishable Goods” means any “covered property” subject to deterioration or impairment as a result of a change of conditions, including but not limited to temperature, humidity or pressure.</p>	<p>No meaningful difference.</p>
<p>14. “Production Machinery” means:</p> <p>Any machine or apparatus that processes or produces a product intended for eventual sale. However, “production machinery” does not mean any fired or unfired pressure vessel other than a cylinder containing a movable plunger or piston.</p> <p>This term does not appear elsewhere in this coverage form,</p>	<p>21. “Production Machinery” means any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus.</p> <p>This term does not appear elsewhere in this coverage form, but may appear in the Declarations.</p>	<p>This definition has been modified in the revised form to include all components. In the earlier form, pressure vessels were specifically exempted from the definition.</p>

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but may appear in the Declarations.		
	<p>22. “Spoilage” means any detrimental change in state. This includes but is not limited to thawing of frozen goods, warming of refrigerated goods, freezing of fresh goods, solidification of liquid or molten material and chemical reactions to material in process.</p>	<p>This is a new definition in the revised form, but does not represent a change in coverage.</p>
<p>15. "Suit" means a civil proceeding to which this insurance applies and includes:</p> <ul style="list-style-type: none"> a. An arbitration proceeding in which damages are claimed and to which you must submit or do submit with our consent; or b. Any other alternative dispute resolution proceeding in which damages are claimed and to which you submit with our consent. 		<p>This definition has not been included in the revised form. In the earlier form, the term appears in the Defense coverage section.</p>
	<p>23. “Vehicle” means any machine or apparatus that is used for transportation or moves under its own power. “Vehicle” includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester. However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a “vehicle.”</p>	<p>This is a new definition in the revised form, but does not represent a change in coverage.</p>